

# ANNUAL REPORT 2014

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## DIRECTORS' REPORT

The board of directors of Trustees Australia Limited (Trustees Australia) submits to members the Annual Report of the company and its controlled entities (the group) for the financial year ended 30 June 2014.

### PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN THE NATURE OF THOSE ACTIVITIES

The principal activities of the group during the year were:

*Financial services activities comprising:*

- custodial and responsible entity services through Trustees Australia;
- fixed interest broking and advisory through Rim Securities Limited (RIMsec); and
- A 33% interest in APA Financial Services Limited (APA), an ASX listed entity.

*Tourism and hospitality activities comprising:*

- the ownership and operation of Magnums Airlie Beach Backpackers by Queensland Resorts Pty Ltd;

*Property activities comprising:*

- development property ownership in Trustees Australia;
- a 43% interest in the Whitsunday Village Retail Property Trust No 1 (WVRPT), a managed investment scheme holding retail shops at Airlie Beach; and
- investment property ownership in Australian Dairy Farms Trust which owns a dairy farm property and an interest in dairy livestock in Victoria's South West district in connection with APA Financial Services Limited.

Other than the various developments with the proposed restructure and capital raising by APA and the Australian Dairy Farms Trust, in respect of which Trustees Australia Limited acts as responsible entity, there has been no significant change in the nature of the group's activities during the year.

### OUR BUSINESS MODEL AND OBJECTIVES

The group is progressively simplifying the structure of its operations and assets with a view to positioning itself to concentrate on its financial services activities and be in a position to grow the company while maintaining the transparency of its strategies and business focus. There are several activities in progress, in relation to restructuring of existing business activities and preparations for restructure of the group that are expected to result in improved shareholder value and return on investment as they are implemented.

### OPERATING RESULTS AND REVIEW OF OPERATIONS

#### OPERATING RESULT

The consolidated net loss attributed to members of Trustees Australia, after providing for income tax and eliminating outside equity interests, was \$938,875 (2013: \$321,303). The result was achieved on revenue of \$3,798,031 which is comparable with the prior year on a segment basis, although down in total predominantly as the sale of the development land to Woolworths for \$3,260,000 was in the 2013 comparative. Total expenses decreased by \$2,803,453 from 2013, predominantly as the cost of development land sold to Woolworths of \$3,455,964 was included in operating expenses in the 2013 comparative, offset by an impairment expense on the investment property. The 2013 comparatives also included a \$952,394 profit from discontinued operations following the sale of wholly owned subsidiary Administration Partners Pty Ltd.

### REVIEW OF OPERATIONS AND BUSINESS SEGMENTS

#### • AUSTRALIAN DAIRY FARMS GROUP

During the financial year a significant amount of the group's focus has been on restructuring APA Financial Services Limited (APA) and the Australian Dairy Farms Trust for a public offer capital raising and relisting as an ASX listed stapled group. Subsequent to the end of the financial year, Trustees Australia Limited (Trustees Australia) announced to the ASX on 20 August 2014 that APA and Trustees Australia as responsible entity, had lodged with ASIC a Prospectus and Product Disclosure Document (Offer Document) for the issue of Stapled Securities in Australian Dairy Farms Group (Stapled Securities). The Offer Document proposed to raise between \$7.5 million and \$14.5 million in new capital.

The Offer closed on 17 September 2014 and on 26 September 2014, APA (to be renamed Australian Dairy Farms Limited) and Trustees Australia Limited as responsible entity for the Australian Dairy Farms Unit Trust (together the Australian Dairy Farms Group) announced that it has received applications under the prospectus and product disclosure statement dated 20 August 2014 of approximately \$9.3 million. The Australian Dairy Farms Group is liaising with ASX with respect to a listing date, expected to be in early October 2014.

Australian Dairy Farms Group is proposing to enter the Australian dairy industry as a farm owner and operator to produce fresh milk for sale to milk processors and intends to progressively aggregate dairy farms in prime dairy producing regions of Victoria and over time to become a major and profitable supplier of milk.

## DIRECTORS' REPORT (cont'd)

### REVIEW OF OPERATIONS AND BUSINESS SEGMENTS (cont'd)

#### • **AUSTRALIAN DAIRY FARMS GROUP (CONT'D)**

The Offer Document includes a Priority Offer of 10,000 Stapled Securities to registered holders of shares in Trustees Australia and APA who are resident in Australia or New Zealand (Eligible Shareholders) with a record date of 22 August 2014 and at an issue price of \$0.20 for each Stapled Security or \$2,000.00 in total. The Priority Offer closed on 12 September 2014.

#### • **WHITSUNDAY VILLAGE PROPERTY TRUST**

The group also owns part of the Whitsunday Village Shopping Centre via an equity accounted interest of 42.92% in the Whitsunday Village Retail Property Trust. This property adjoins the new Woolworths supermarket development and the primary pedestrian entrances to the new supermarket is from Shute Harbour Road through the shops owned by Whitsunday Village Retail Property Trust. These shops have already seen positive benefits from the Woolworths proximity through renewed lease terms, renegotiated rents for some existing tenancies and increased enquiry for availability. On 25 June 2014, the Trust was successful in selling a shop in the Centre, tenanted by a BWS liquor store, on an attractive yield and firm interest has been received in the leasing of other tenancies which are expected to lead to additional potential sales of properties in the future.

#### • **MAGNUMS BACKPACKER OPERATIONS**

The Magnums backpacker operations at Airlie Beach continued to be difficult as a direct result of the unusually high value Australian currency compared with the currencies of the countries of origin of the international backpackers and the generally depressed economic conditions in those countries. As with most Australian based tourism businesses, cheaper destinations in South East Asia and other regions attracted both domestic and international travellers from Australian destinations.

#### • **CUSTODY, RESPONSIBLE ENTITY AND TRUSTEE SERVICES**

During the financial year Trustees Australia has continued to build its systems capability and administration of financial assets for custody, responsible entity and trustee services. The increased capital requirements by regulators for responsible entities has introduced additional hurdles for this segment of the group's business activities.

#### • **FIXED INTEREST SPECIALISTS (RIMSEC)**

Rim Securities Limited (RIMsec) provides fixed income brokerage services to a range of wholesale and retail customers. A strong emphasis continues to be directed towards completing and enhancing systems design to support additional dealing staff and the continuing development of its computer based systems which are essential for efficient operation of the business and its growth.

### FINANCIAL POSITION

The net assets of the group are \$8,582,091 at 30 June 2014, a decrease of \$943,953 from 30 June 2013.

The group is progressively simplifying the structure of its operations and assets with a view to positioning itself to concentrate on its financial services activities and be in a position to grow the company while maintaining the transparency of its strategies and business focus.

### FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The group's immediate focus is on the dairy farm strategy, simplifying structure and operations as mentioned above.

The group is exposed to business risk that may affect its ability to achieve the above objectives, including market conditions in the financial services segment, the volatility of property and milk prices in regards to the Australian Dairy Farm Group and the Australian currency and depressed economic conditions in countries of origin of international backpackers in the tourism segment.

### INFORMATION ON DIRECTORS

The following persons held office as directors of Trustees Australia during or since the end of the year. The names and details of the directors are:

Name	Position
Michael Hackett	Managing Director / Acting Chairman
Kerry Daly	Director
Nathan Leman	Director

## DIRECTORS' REPORT (cont'd)

### DIRECTORS

<b>Michael Hackett</b>	<b>Managing Director/Acting Chairman (Executive)</b>
<b>Qualifications</b>	Bachelor of Commerce - University of Queensland Fellow - Institute of Chartered Accountants in Australia ACA Financial Planning Specialist Member - Australian Institute of Company Directors
<b>Directorships held in other listed entities in the past 3 years</b>	APA Financial Services Ltd – non-executive director from May 2009 to current
<b>Interest in Trustees Australia shares &amp; options</b>	Michael Hackett has a relevant interest in 25,037,800 shares in Trustees Australia at 30 June 2014.
<p>Michael was the founding chairman and managing director when the company was incorporated in 1986 and resigned as chairman in 1996. Michael was reappointed chairman in November 2010 on retirement of Mr Richard Green. Michael is an associate of the company's majority shareholders through private company interests. He has had considerable experience in managing and operating a wide range of businesses and property developments and is responsible for the day-to-day activities of the company.</p>	

<b>Kerry Daly</b>	<b>Director (Non-Executive, Independent)</b>
<b>Qualifications</b>	Bachelor of Business (Accountancy) – Queensland University of Technology Certified Practising Accountant
<b>Directorships held in other listed entities in the past 3 years</b>	Tamawood Limited – chairman from Apr 2000 to Nov 2011 AstiVita Renewables Limited – non-executive director from Sep 2009 to Nov 2011 Collection House Limited – non-executive director from Oct 2009 to current
<b>Interest in Trustees Australia shares &amp; options</b>	Kerry Daly has a relevant interest in 460,200 shares in Trustees Australia at 30 June 2014.
<p>Kerry was appointed as a director on 17 March 2009. He is an experienced senior executive and public company director with some 30 years' experience in the financial services sector, including retail banking, equities and bond markets dealing, funds management, investment banking and corporate advisory. He has around twenty years' experience at chief executive officer, managing director and executive director level.</p>	

<b>Nathan Leman</b>	<b>Director (Non-Executive)</b>
<b>Qualifications</b>	Commercial Builder and Project Manager
<b>Directorships held in other listed entities in the past 3 years</b>	Nil
<b>Interest in Trustees Australia shares &amp; options</b>	Nathan Leman has a relevant interest in 2,878,880 shares in Trustees Australia at 30 June 2014.
<p>Nathan was appointed as a director on 24 November 2010. He is a qualified project manager with approximately 20 years hands-on experience in managing development, construction and technology acquisition and implementation projects. Since 1999, he has been responsible for the design and implementation of property and IT projects for the Trustees Australia group, including those relating to financial services technology platforms. As a director of Trustees Australia, Nathan has been appointed to the boards of most of its subsidiary entities.</p>	

## DIRECTORS' REPORT (cont'd)

### COMPANY SECRETARY

The following person held office as a company secretary of Trustees Australia during the financial year:

Elizabeth Hackett	Company Secretary
<b>Interest in Trustees Australia shares &amp; options</b>	Elizabeth Hackett has a relevant interest in 1,877,962 shares in Trustees Australia at 30 June 2014.
Elizabeth has worked for the group since 1996, initially as the resort general manager with direct day-to-day responsibility for all operations of Magnums. She is currently manager of operations and marketing. Elizabeth was appointed company secretary on 28 July 1999.	

### MEETINGS OF DIRECTORS

The board generally meets on at least a bi-monthly basis either in person or by telephone conference. Directors meet bi-annually with the group's auditor to discuss relevant issues. On matters of corporate governance, the board retains its direct interest rather than through a separate committee structure which would be inappropriate for a company of the modest size and structure of Trustees Australia.

Aside from formally constituted directors' meetings, the non-executive directors are in regular contact with the managing director regarding the operation of the company and particular issues of importance. Written reports on trading activities and operating strategies are provided to the directors on a regular basis or as required by changing circumstances.

The number of directors' meetings and number of meetings attended by each of the company directors during the financial year are set out in the table below:

Directors	Meetings eligible to attend	Meetings attended
Michael Hackett	8	8
Kerry Daly	8	8
Nathan Leman	8	8

### DIVIDENDS PAID OR RECOMMENDED

The directors have not recommended a dividend for the year ended 30 June 2014 (2013: \$nil) at the date of this report.

### OPTIONS

At the date of this report, there are no unissued ordinary shares of Trustees Australia under option (2013: nil).

No shares were issued, options granted by Trustees Australia or any controlled entity and no options were exercised by any holder during the year ended 30 June 2014 or since that date.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the directors there were no significant changes in the state of affairs of the group that occurred during the year under review that are not disclosed elsewhere in this report or in the accompanying financial statements.

### SIGNIFICANT EVENTS AFTER BALANCE DATE

Trustees Australia Limited has announced a dairy farm strategy involving the trust and APA Financial Services Limited (APA) – an ASX listed group. Under that strategy the trust will be stapled with APA and recapitalised with the restructured group applying to be listed on ASX as a stapled security under the name Australian Dairy Farms Group in early October 2014. Full details of the dairy farm strategy were set out in APA's Meeting Booklet dated 1 August 2014 and released to ASX on that day and in the prospectus dated 20 August 2014 issued by APA and the trust. APA shareholders approved the proposed transaction on 1 September 2014. These documents are available on the ASX announcements platform under both APP and TAU codes.

The Offer closed on 17 September 2014 and on 26 September 2014, APA (to be renamed Australian Dairy Farms Limited) and Trustees Australia Limited as responsible entity for the Australian Dairy Farms Unit Trust (together the Australian Dairy Farms Group) announced that it has received applications under the prospectus and product disclosure statement dated 20 August 2014 of approximately \$9.3 million. The Australian Dairy Farms Group is liaising with ASX with respect to a listing date, expected to be in early October 2014.

See note 30 in the financial statements for further details.

## DIRECTORS' REPORT (cont'd)

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### INDEMNIFICATION OF OFFICERS OR AUDITOR

During the financial year, the parent entity paid an insurance premium in respect of an insurance policy insuring the directors, the company secretary and all executive officers of the group against a liability incurred as a consequence of holding that office in the group to the extent permitted by the *Corporations Act 2001*. The amount of the premium was \$46,018 (2013: \$42,375) for all directors and officers for the year.

The company has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer or auditor of the company against a liability incurred as such by an officer or auditor.

### FINANCIAL SERVICES LICENCES

Trustees Australia Limited, QTI Managed Funds Limited and Rim Securities Limited hold financial services licences under section 913B of the *Corporations Act 2001*. These are Licences 260033, 260038 and 283119 respectively.

The AFS licences held contain a requirement to purchase an insurance policy for professional indemnity cover for fraud by officers and employees. As disclosed above, an insurance policy is in force and premiums have been paid for the requisite cover as required.

### ENVIRONMENTAL ISSUES

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

### PROCEEDINGS ON BEHALF OF COMPANY

As a normal part of its operations, the group from time to time becomes a party to various minor legal exchanges in relation to town planning, licensing and other operational matters and in minor disputes regarding amounts payable or receivable. No person has applied for leave of a court to bring proceedings against or on behalf of the group or to intervene in any significant proceedings to which any such entity is a party for the purpose of taking responsibility for all or any part of those proceedings. No proceeding has had or is likely to have a material impact on the financial position of the group.

### NON-AUDIT SERVICES

The board is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* and is satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- i) all non-audit services are reviewed and approved by the board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and,
- ii) the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional Ethical Standards board.

No fees for non-audit services were payable/paid to external auditors during the year ended 30 June 2014 (2013: \$nil).

### AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2014 has been received and a copy can be found at page 17.

## DIRECTORS' REPORT (cont'd)

### REMUNERATION REPORT (AUDITED)

#### A. Remuneration policies and practices

The group's current remuneration policy is designed to align Key Management Personnel (KMP) objectives with shareholder and business objectives, and uses a fixed remuneration structure with a short term performance component. The group also uses, from time to time, options as a form of remuneration. However, as the senior management team is expanded the board intends to review remuneration policy so that it is appropriate and effective in its ability to attract and retain good quality executives and directors to run and manage the group, as well as create common goals between directors, executives and shareholders.

The board's policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders in a general meeting. Fees for non-executive directors are not linked to the performance of the group. However, to align directors' interests with shareholder interests, directors are encouraged to hold shares in the company. Directors are reimbursed at cost for travelling expenses and other costs and in respect of attendance at meetings.

The managing director, Michael Hackett, holds a significant interest in the equity of Trustees Australia which ensures he maintains a strong alignment with shareholders' interests. Other employees and contractors are remunerated at market rates applicable to their qualifications, experience and contribution to the group. The remuneration policy allows for the use of remuneration consultants where necessary, although none were used in the 2014 financial year.

An employee share scheme was approved by shareholders in 1988, it has not operated since 1994 and currently no employee or director has a right to participation in any bonus scheme involving shares in the company.

All remuneration paid to directors and executives is valued at the cost to the company. Where applicable, part of such remuneration may be capitalised into the carrying value of long-term projects. Directors and executives receive a fixed salary and a minimum superannuation guarantee contribution required by the government and any statutory retirement and long service leave benefits. Some individuals have chosen to sacrifice part of their salary to increase payments towards superannuation.

#### B. Performance-based remuneration

As the group expands in the near future, remuneration policy and practices will be designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the group's financial results.

#### C. Relationship between remuneration policy and company performance

The maximum aggregate amount of directors' fees that can be paid to directors is subject to approval by shareholders at the Annual General Meeting and is not linked to the performance of the company. Fees for non-executive directors are not linked to company performance. To align directors' and shareholder interests, the directors are encouraged to hold shares in the company.

Some employees of RIMsec are eligible for bonuses which are linked to predetermined individual profit benchmarks.

The current remuneration policy seeks to align director and executive objectives with those of shareholders by recognising the criticality of funds being utilised to achieve development objectives.

The following table shows some key performance data of the group for the last five years, together with the share price at the end of each respective year:

	2010	2011	2012	2013	2014
	\$	\$	\$	\$	\$
Revenue	5,971,086	4,469,255	4,243,088	6,433,875	3,798,031
Net profit / (loss)	(1,189,328)	(9,442,150)	(1,599,567)	(321,303)	(938,875)
Net assets	20,842,090	11,414,127	9,827,351	9,526,044	8,582,091
Share price at year end	0.340	0.200	0.105	0.100	0.07
Dividends / return of capital paid	-	-	-	-	-



## DIRECTORS' REPORT (cont'd)

### REMUNERATION REPORT (AUDITED) (cont'd)

#### D. Employment details of members of key management personnel (KMP) and other executives

The following table provides employment details of persons who, during the financial year, were members of KMP of the group. No KMP remuneration was performance based. The table illustrates the proportion of remuneration that was non-performance based.

Name	Position held	Contract details	Non-salary cash based incentives	Shares	Options	Fixed salary / fees	Total**
			%	%	%	%	%
<b>Directors</b>							
M Hackett	Managing Director/ Acting Chairman	N/A	-	-	-	100	100
K Daly	Non-Executive Director	N/A	-	-	-	100	100
N Leman	Non-Executive Director	N/A	-	-	-	100	100
<b>Executives</b>							
E Hackett	Operations Manager	N/A	-	-	-	100	100

For senior executives of RIMsec, employment conditions are formalised in contracts of employment. Aside from RIMsec employees, there are no formal employment contracts for KMP in the group.

\*\*No remuneration is performance incentive based.

#### E. Remuneration details for the year ended 30 June 2014

Details of the nature and amount of each major element of remuneration for KMP and other executives of the group during the financial year:

Key Management Personnel (KMP)	Short Term Benefit		Post Employment	Long Term Benefit	Termination	Equity Based Payments	Total
	Salary / Director's Fees	Bonus	Super Contributions	Long Service Leave	Termination benefits	Shares and options	
<b>2014</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
M Hackett	106,197	-	57,678	3,087	-	-	166,962
K Daly	50,000	-	4,625	-	-	-	54,625
N Leman*	-	-	-	-	-	-	-
E Hackett	100,060	-	9,256	2,015	-	-	111,331
<b>Total</b>	<b>256,257</b>	<b>-</b>	<b>71,559</b>	<b>5,102</b>	<b>-</b>	<b>-</b>	<b>332,918</b>

\* In addition to the remuneration above, an entity associated with Nathan Leman rendered professional services to the group. Refer to Note 22: Key Management Personnel (KMP) Interests.

## DIRECTORS' REPORT (cont'd)

### REMUNERATION REPORT (AUDITED) (cont'd)

#### E. Remuneration details for the year ended 30 June 2014 (cont'd)

Key Management Personnel (KMP)	Short Term Benefit		Post Employment	Long Term Benefit	Termination	Equity Based Payments	Total
	Salary / Director's Fees	Bonus	Super Contributions	Long Service Leave	Termination benefits	Shares and options	
<b>2013</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
M Hackett	113,500	-	50,000	2,902	-	-	166,402
K Daly	50,000	-	4,500	-	-	-	54,500
N Leman*	-	-	-	-	-	-	-
E Hackett	100,060	-	9,005	1,935	-	-	111,000
J Jones <sup>1</sup>	54,929	-	4,766	-	25,961	-	85,656
J Atabak <sup>2</sup>	105,829	-	10,438	2,029	-	-	118,296
<b>Total</b>	<b>424,318</b>	<b>-</b>	<b>78,709</b>	<b>6,866</b>	<b>25,961</b>	<b>-</b>	<b>535,854</b>

<sup>1</sup> Resigned - 23 October 2012

<sup>2</sup> Resigned - 14 March 2013

#### Cash bonuses, performance-related bonuses and share-based payments

During the year there were no cash bonuses, performance-related bonuses or share-based payments to KMP.

#### Options and Rights Granted

No options were issued, exercised or lapsed during the year ended 30 June 2014.

Details of KMP equity interests and other transactions are set out in note 22 in the financial statements.

This report of the directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the board of directors.

*Michael Hackett*

**Michael Leslie Hackett**  
Managing Director

*Kerry Daly*

**Kerry John Daly**  
Director

Brisbane

30 September 2014

## CORPORATE GOVERNANCE STATEMENT

Unless disclosed below, as per ASX Listing rule 4.10.3 all the recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2014. The company have generally adopted the Corporate Governance Statement to comply with the ASX's revised Corporate Governance Principles and Recommendations which became effective on or after 1 January 2008, taking into account that the relatively small size of the company requires that the cost and benefits of adoption need to be taken into account in determining the extent of practical implementation.

### BOARD AUTHORITIES AND DELEGATIONS

The board is ultimately responsible for all matters relating to the running of the group.

The board's role is to govern the group rather than to manage it. However, it is noted that two of the three directors are full-time executives in the group and are directly involved in day-to-day management. In governing the group, the directors must act in the best interests of the group as a whole. It is the role of senior management to manage the group in accordance with the direction and delegations of the board and the responsibility of the board to oversee the activities of management in carrying out these delegated duties.

The board has the final responsibility for the successful operations of the group. In general, it is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the group. It is required to do all things that may be necessary to be done in order to carry out the objectives of the group. In carrying out its governance role, the main task of the board is to drive the performance of the group. The board must also ensure that the group complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body.

Without intending to limit this general role of the board, the principal functions and responsibilities of the board include the following:

- A) Providing leadership to the group by:
  - i) guiding the development of appropriate culture and values for the group through the establishment and review of codes of conduct, rules and procedures to enforce ethical behaviour, and by providing guidance on appropriate work methods; and
  - ii) always acting in a manner consistent with the group's culture.
- B) Overseeing the development and implementation of an appropriate strategy by:
  - i) working with the senior management team to ensure that an appropriate strategic direction and array of goals are in place;
  - ii) regularly reviewing and amending - or updating - the group's strategic direction and goals;
  - iii) ensuring that an appropriate set of internal controls are implemented and reviewed regularly;
  - iv) overseeing planning activities including the development and approval of strategic plans, annual corporate budgets and long-term budgets including operating budgets, capital expenditure budgets and cash flow budgets; and
  - v) reviewing the progress and performance of the group in meeting these plans and corporate objectives, including reporting the outcome of such reviews on at least an annual basis.
- C) Ensuring corporate accountability to the shareholders primarily through adopting an effective shareholder communications strategy; encouraging effective participation at general meetings and, through the Chairman, being the key interface between the group and its shareholders.
- D) Overseeing the control and accountability systems that ensure the group is progressing towards the goals set by the board and in line with the group's purpose, the agreed corporate strategy, legislative requirements and community expectations.
- E) Ensuring robust and effective risk management, compliance and control systems (including legal compliance) are in place and operating effectively.
- F) Ensuring appropriate human resource systems (including OH&S systems) are in place to ensure the well-being and effective contribution of all employees.
- G) Making all decisions outside the scope of these delegated powers including:
  - i) approving all operational expenditures more than 10% outside the approved budget;
  - ii) approving the details of all items of capital expenditure;
  - iii) approving all mergers, acquisitions or property disposals; and
  - iv) approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures. The detail of some board functions may be handled through board committees. However, the board as a whole is responsible for determining the extent of powers residing in each committee and is ultimately responsible for accepting, modifying or rejecting committee recommendations.

## CORPORATE GOVERNANCE STATEMENT (cont'd)

### **DIRECTORS' AUTHORITIES AND DELEGATIONS**

Directors are responsible for any delegations of their responsibilities with regard to corporate operations. As such, they decide as a board what group matters are delegated to either specific directors or management. In addition, they outline what controls are in place to oversee the operation of these delegated powers.

Therefore, individual directors other than the executive directors have no authority to participate in the day-to-day management of the group including making any representations or agreements with member companies, suppliers, customers, employees or other parties or organisations.

The exception to this principle occurs where the board through resolution explicitly delegates an authority to the director individually. Additionally, it is recognised that all executive directors will carry significant delegated authority by virtue of their management position as outlined in a relevant board resolution.

Similarly, committees and their members require specific delegations from the board as a whole and these will be contained in each committee's respective terms of reference.

### **GENERAL DELEGATIONS**

In general, the board delegates all powers and authorities required to effectively and efficiently carry out the group's business. Listed below are the exceptions to these delegations, whereby the board or appropriate committee reserves the powers as indicated:

### **DECISIONS REQUIRING BOARD APPROVAL**

The following decisions must be referred to the board for approval:

- i) acquiring or selling shares of the group;
- ii) acquiring, selling or otherwise disposing of property;
- iii) founding, acquiring or selling subsidiaries of or any company within the group, participating in other companies or dissolving or selling the group's participation in other companies (including project joint ventures);
- iv) acquiring or selling patent rights, rights in registered trademarks, licences or other intellectual property rights of the group;
- v) founding, dissolving or relocating branch offices or other offices, plants and facilities;
- vi) starting new business activities, terminating existing business activities or initiating major changes to the field of the group's business activities;
- vii) approving and / or altering the annual business plan (including financial planning) for the group or any part of the group;
- viii) taking or granting loans including, without limitation, the placing of credit orders, issuing of promissory notes or loans against notes;
- ix) granting securities of any type;
- x) granting loans to group officers or employees and giving or taking over guarantees for the group's officers and employees;
- xi) determining the balance sheet strategy for the group or any part of the group;
- xii) entering into agreements for recurring, voluntary, or additional social benefits, superannuation agreements or agreements for general wage and salary increases;
- xiii) determining the total amount of bonuses and gratuities for group officers and employees;
- xiv) determining the appointment, termination, prolongation of employment or amendment to conditions of employment of members of the board of directors; and
- xv) granting or revoking a power of attorney or limited authority to sign and / or act on behalf of the group.

The composition of the board is reviewed and considered at least annually at a meeting of all directors. Shareholder approval is required on the composition of the board. Directors are elected by shareholders and remain accountable to them. The board meet formally on a regular basis.

The board presently comprises one non-executive director and two executive directors. The group policy regarding the terms and conditions for remuneration relating to the appointment of board members is approved at a meeting of all directors. The directors of the group, meeting as a board, determine the fees of individual directors within the aggregate limit established by shareholders in general meeting.

The remuneration and terms and conditions of executive officers are reviewed and approved by the board after seeking professional advice if considered necessary or appropriate.

Non-executive members have the right to seek independent professional advice in the furtherance of their duties as directors at the group's expense. The chairman's approval of such expenditure is required.

## CORPORATE GOVERNANCE STATEMENT (cont'd)

### DECISIONS REQUIRING BOARD APPROVAL (CONT'D)

Where any director has an interest of any kind (other than as a shareholder in the group) in relation to any matter dealt with at a board or committee meeting that director abstains from participation in the decision process.

Directors and officers must inform the chairman, in advance, of any proposed dealing in associated company securities, refrain from buying or selling in the board designated blackout periods and observe all legal requirements relating to dealing in securities. Directors and officers are prohibited from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

### COMMUNICATIONS TO SHAREHOLDERS

The board aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the directors. Information is communicated to shareholders through:

- i) the Annual Report which is distributed to those shareholders who request a copy;
- ii) the Annual General Meeting and other meetings called to obtain approval for board action as appropriate;
- iii) the appointment of a contact for shareholder liaison to respond to telephone and written shareholder enquiries; and
- iv) the company's website - [www.trusteesau.com.au](http://www.trusteesau.com.au).

### KEEPING THE MARKET INFORMED

The group follows ASX guidelines and listing rules in respect of communications and continuous disclosure procedures and practices. The board specifically addresses the issue of price sensitive information at each of its board meetings. The group's secretary and the managing director is responsible for the communication of administrative matters to the ASX.

### AUDIT COMMITTEE

Given the small size of the company and the fact that the board comprises only three directors, the board has elected not to appoint an audit committee for this financial year.

### RISK MANAGEMENT

The board as a whole considers the major risks affecting the business. Trustees Australia has developed a risk management system to evaluate and control risks effectively to try within the limits of reasonably available resources to ensure opportunities are not lost, competitive advantage is enhanced, and management time is not spent unduly in reacting to issues or events. It is not intended to eliminate risk. This risk management system encompasses all financial, operational and compliance controls and risk management, and is subject to regular review.

Major business risks have been identified as:

- quality of due diligence of investment opportunities;
- actions by competitors;
- environment regulation; and
- government policy changes.

Procedures have been developed to minimise the effect of these risks wherever possible.

Financial controls and procedures are clearly defined with the operating and capital budgets used as key controls for business operations. The board considers regular reports comparing actual results against the budgets set by the board.

### DIVERSITY POLICY

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The company recognises the benefits arising from employee and board diversity and the importance of benefiting from all available talent. The board is committed to attracting the best people available for particular positions within the group from the most junior position to the most senior position on the board. This is irrespective of their individual age, gender and cultural background. The selection of persons for each position is made taking into account the individual's skills, qualifications, managements' assessment of their attitude and personal suitability for the particular position and their capacity to enhance or contribute to the workplace culture of the business and performance of the group. This is necessarily balanced with the group's capacity to viably remunerate the individual appropriate to those measures.

The company has not established a separate diversity policy although the criteria above has always been a fundamental part of the group's employment policies. The group has generally had a majority of women employees with high representation of women and employees from diverse cultural and ethnic backgrounds in mid and senior management.

In recognition of the ASX recommendations, the Board has resolved to annually disclose the information in the following table:

Diversity	2014	
Women on the board	0	0%
Women in senior management roles	2	40%
Women employees in the group	23	70%

## CORPORATE GOVERNANCE STATEMENT (cont'd)

### SHARE TRADING POLICY

The company closely monitors the trading of its securities and brings to the board's attention all trading activities undertaken by its directors, senior executives and employees. The board has adopted mandatory blackout periods when directors and officers may or may not trade in the company's securities in compliance with ASX guidelines.

### ASX CORPORATE GOVERNANCE COUNCIL GUIDELINES

While the board is committed to maintaining high standards of corporate governance, the company advises that its practices are not entirely consistent with the recommendations of the ASX Corporate Governance Council. These recommendations are set out below and the company has indicated to what degree the recommendations have been adopted by the board:

#### *Principle 1 – Lay solid foundations for management and oversight*

Companies should establish and disclose the respective roles and responsibilities of board and management.

Recommendation 1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

Recommendation 1.2 Companies should disclose the process for evaluating the performance of senior executives

Recommendation 1.3 Companies should provide the information indicated in the guide to reporting on Principle 1 .

The company's formalised statement of matters documenting the role and responsibilities of the board and senior executives are reproduced in this Corporate Governance Report.

The performance evaluation of the company's senior executives is undertaken periodically by the managing director, who reports to the board on outcomes.

#### *Principle 2 – Structure the board to add value*

Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

Recommendation 2.1 A majority of the board should be independent directors.

Recommendation 2.2 The chair should be an independent director.

Recommendation 2.3 The roles of chair and chief executive officer should not be exercised by the same individual

Recommendation 2.4 The board should establish a nomination committee.

Recommendation 2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

Recommendation 2.6 Companies should provide the information indicated in the guide to reporting on Principle 2.

While the board strongly endorses the position that directors need to exercise independence of judgment, it also recognizes that the need for independence is to be balanced with the need for skills, commitment and a workable board size. The board currently comprises two executive directors and one non-executive director. Michael Hackett is the managing director and acting chairman of the board and is also a substantial shareholder of the company. Nathan Leman is an executive director and is an associate of Michael Hackett and therefore is not regarded as an independent director. Kerry Daly is an independent, non-executive director. In view of the size of the company and the nature of its activities the board considers that the current board is a cost effective and practical method of directing and managing the company.

The acting chairman is an executive director and is not considered independent under the ASX definition. The company is mindful of the costs and availability of an experienced non-executive independent chairman and is satisfied the current board structure is appropriate for the size of the company and the scale and nature of its activities.

Currently, Michael Hackett acts as both acting chairman and managing director of the company. The board is cognisant of the need to separate the roles of chairman and managing director but is also mindful of the costs and availability of an experienced non-executive, independent chairman. The position of acting chairman is temporary and will be filled by a suitable candidate when appropriate.

The board considers that the selection and appointment of directors is an important task that should be the responsibility of the entire board to consider the nomination process. As the board consists of only three directors, this is considered best practice at this stage in the group's development.

While the board of the group is committed to accountability, the process for performance evaluation of the board, its committees individual directors and senior executives have not yet been determined. As a result the board has used informal, ongoing assessments to evaluate performance.

The company does not maintain a formal statement of matters documenting procedures for the selection and appointment of new directors.



## CORPORATE GOVERNANCE STATEMENT (cont'd)

### ASX CORPORATE GOVERNANCE COUNCIL GUIDELINES (CONT'D)

#### Principle 3 – Promote ethical and responsible decision-making

Companies should actively promote ethical and responsible decision-making.

- Recommendation 3.1 Companies should establish a code of conduct and disclose the code or a summary code as to:
- i) the practices necessary to maintain confidence in the company's integrity;
  - ii) the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders;
  - iii) the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.
- Recommendation 3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.
- Recommendation 3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.
- Recommendation 3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.
- Recommendation 3.5 Companies should provide the information in the guide to reporting on Principle 3.

Due to the size of the group and the resources available to it, the board does not consider that a formal code of conduct for directors and the managing director is appropriate, rather it is agreed that all officers of the group will act ethically and in the best interest of the group and in accordance with the relevant regulations.

The board has decided against the implementation of a code of conduct to guide compliance with legal and other obligations to legitimate shareholders, as it does not believe that it is in the best interests of its stakeholders for the group to operate to what purports to be a prescriptive code of conduct.

The company has not established a separate diversity policy, however the group has generally had a majority of women employees with high representation of women and employees from diverse cultural and ethnic backgrounds in mid and senior management as outlined in the Corporate Governance Report.

#### Principle 4 – Safeguard Integrity in Financial Reporting

Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.

- Recommendation 4.1 The board should establish an audit committee.
- Recommendation 4.2 The audit committee should be structured so that it:
- i) consists only of non-executive directors;
  - ii) consists of a majority of independent directors;
  - iii) is chaired by an independent chair, who is not chair of the board;
  - iv) has at least three members.
- Recommendation 4.3 The audit committee should have a formal charter.
- Recommendation 4.4 Companies should provide the information indicated in the guide to reporting on Principle 4.

The role of the Audit Committee for this financial year has been assumed by the board. The size and nature of the company's activities does not justify the establishment of such a committee at this time. The Audit Committee will be established as and when the need for such a committee arises and when established, will be structured in accordance with ASX Corporate Governance Recommendations and will have a formal charter.

The selection and appointment of the external auditor and for the rotation of external audit engagement partners is managed through the company's service contract obligations and in-house compliance program.

## CORPORATE GOVERNANCE STATEMENT (cont'd)

### ASX CORPORATE GOVERNANCE COUNCIL GUIDELINES (CONT'D)

#### *Principle 5 – Make timely and balanced disclosure*

Companies should promote timely and balanced disclosure of all material matters concerning the company.

Recommendation 5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

Recommendation 5.2 Companies should provide the information indicated in the guide to reporting on Principle 5.

The company abides by these recommendations and a summary statement of how these issues are addressed is contained in this Corporate Governance Statement.

#### *Principle 6 – Respect the rights of shareholders*

Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.

Recommendation 6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy

Recommendation 6.2 Companies should provide the information indicated in the guide to reporting on Principle 6.

The group maintains a strategy to promote communication with shareholders and encourage effective participation at general meetings on an issue by issue basis, which is considered appropriate to the size of the group and the scale of its operations. A summary of the company's communication procedures is contained within this Corporate Governance Statement.

#### *Principle 7 – Recognise and manage risk*

Companies should establish a sound system of risk oversight and management and internal control.

Recommendation 7.1 Companies should establish policies for the oversight, and management of material business risks and disclose a summary of those policies.

Recommendation 7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

Recommendation 7.3 The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Recommendation 7.4 Companies should provide the information indicated in the guide to reporting on Principle 7.

The board believes that within practical limitations, the risk management framework adopted by the company is sufficient for a company of its size and risk exposure. A summary of the company's risk management framework, internal compliance measures and controls is contained in this Corporate Governance Statement.

#### *Principle 8 – Remunerate fairly and responsibly*

Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

Recommendation 8.1 The board should establish a remuneration committee.

Recommendation 8.2 The remuneration committee should be structured so that it:

- consists of a majority of independent directors
- is chaired by an independent chair
- has at least three members

Recommendation 8.3 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Recommendation 8.4 Companies should provide the information indicated in the guide to reporting on Principle 8.

The role of the remuneration committee is currently assumed by the board. The size and nature of the company's activities does not justify the need to establish a remuneration committee at this time. The Committee will be established as and when the need for such a committee arises and when established, will be structured in accordance with ASX Corporate Governance Recommendations and will have a formal charter.

Details of the company's remuneration policy are provided in the accompanying Directors' Report and Annual Report.





**Hayes Knight**  
Accountants, Advisors & Auditors

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**Auditor's Independence Declaration  
Under Section 307C of the *Corporations Act 2001***

**To the Directors of Trustees Australia Limited**

As lead auditor for the audit of Trustees Australia Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions:

- (i) to the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Trustees Australia Limited and the entities it controlled during the period.

*Hayes Knight Audit (Qld) Pty Ltd*

**Hayes Knight Audit (Qld) Pty Ltd**

*Nigel Bamford*

**N D Bamford**  
Director

**Date: 30 September 2014**

An independent Member of the Hayes Knight Group and Morison International.  
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Associated Offices: Sydney | Melbourne | Adelaide | Perth | Darwin | Auckland

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

		2014	2013
	Notes	\$	\$
<b>Continuing operations</b>			
Revenue	3(a)	3,752,576	6,433,875
Other income	3(b)	45,455	-
Business operating expenses		(772,163)	(4,200,448)
Employment expenses	3(c)(iii)	(2,300,453)	(2,399,703)
Finance costs	3(c)(i)	(255,254)	(91,726)
Property operating expenses		(686,206)	(756,730)
Impairment expenses		(411,129)	-
Other expenses		(472,544)	(252,595)
Share of net profit / (loss) from associate		165,774	(9,499)
<b>Loss before income tax</b>	3	<b>(933,944)</b>	<b>(1,276,826)</b>
Income tax benefit /(expense)	4	-	-
<b>Net loss from continuing operations</b>		<b>(933,944)</b>	<b>(1,276,826)</b>
<b>Discontinued operations</b>			
Profit / (loss) from discontinued operations after tax	5	-	952,394
<b>Net profit / (loss) for the year</b>		<b>(933,944)</b>	<b>(324,432)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss:</b>		-	-
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Net gain / (loss) on revaluation of financial assets		(10,009)	23,120
<b>Other comprehensive income / (loss) for the year</b>		<b>(10,009)</b>	<b>23,120</b>
<b>Total comprehensive loss for the year</b>		<b>(943,953)</b>	<b>(301,312)</b>
<b>Profit / (loss) attributable to:</b>			
Members of the parent entity		(938,875)	(321,303)
Non-controlling interest		4,931	(3,129)
		<b>(933,944)</b>	<b>(324,432)</b>
<b>Total comprehensive income / (loss) attributable to:</b>			
Members of the parent entity		(948,884)	(298,183)
Non-controlling interest		4,931	(3,129)
		<b>(943,953)</b>	<b>(301,312)</b>
<b>Earnings per share:</b>	28	<b>Cents</b>	<b>Cents</b>
<b>From continuing and discontinued operations</b>			
Basic earnings per share		(2.8)	(1.0)
Diluted earnings per share		(2.8)	(1.0)
<b>From continuing operations</b>			
Basic earnings per share		(2.8)	(3.9)
Diluted earnings per share		(2.8)	(3.9)
<b>From discontinued operations</b>			
Basic earnings per share		-	2.9
Diluted earnings per share		-	2.9

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Notes	2014 \$	2013 \$
<b>Current Assets</b>			
Cash and cash equivalents	6	115,104	818,055
Trade and other receivables	7	1,121,405	913,808
Inventories	8	9,388	6,154
Investment property	9	4,325,593	4,339,754
Biological assets	10	702,200	-
Other current assets	11	282,423	393,101
<b>Total Current Assets</b>		<b>6,556,113</b>	<b>6,470,872</b>
<b>Non-Current Assets</b>			
Inventories	8	1,326,178	1,320,000
Other financial assets	12	19,010	29,020
Intangibles	13	732,728	521,392
Investments in associates	14	1,448,275	1,642,583
Property, plant & equipment	15	4,476,046	4,591,689
<b>Total Non-Current Assets</b>		<b>8,002,237</b>	<b>8,104,684</b>
<b>Total Assets</b>		<b>14,558,350</b>	<b>14,575,556</b>
<b>Current Liabilities</b>			
Trade and other payables	16	1,591,663	1,104,362
Borrowings	17	3,707,327	3,290,882
Provisions	18	104,315	113,824
<b>Total Current Liabilities</b>		<b>5,403,305</b>	<b>4,509,068</b>
<b>Non-Current Liabilities</b>			
Provisions	18	572,954	540,444
<b>Total Non-Current Liabilities</b>		<b>572,954</b>	<b>540,444</b>
<b>Total Liabilities</b>		<b>5,976,259</b>	<b>5,049,512</b>
<b>Net Assets</b>		<b>8,582,091</b>	<b>9,526,044</b>
<b>Equity</b>			
Issued capital	19	4,058,525	4,058,525
Reserves	20	16,760	26,769
Retained earnings		4,496,450	5,438,563
Parent entity interest		8,571,735	9,523,857
Non-controlling interest		10,356	2,187
<b>Total Equity</b>		<b>8,582,091</b>	<b>9,526,044</b>

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 \$	2013 \$
<b>Cash Flows from Operating Activities</b>			
Receipts from customers		3,700,868	6,369,362
Payments to suppliers and employees		(3,918,977)	(4,372,918)
Trust distributions		13,630	81,780
Interest received		10,678	18,231
Finance costs		(138,634)	(91,726)
<b>Net operating cash flows</b>	6(b)	<b>332,435</b>	<b>2,004,729</b>
<b>Cash Flows from Investing Activities</b>			
Payment for property, plant & equipment	27	(54,336)	(32,400)
Proceeds from property, plant & equipment		-	21,559
Payment for development costs - development land	8	(6,178)	-
Payment for intangible assets - software	13	(224,993)	(249,857)
Payment for investment property	9	-	(4,339,754)
Payment for capital development - investment property	9	(396,968)	-
Proceeds from disposal of subsidiary	5	500,000	501,704
Proceeds from minority interests		-	5
Payment for biological assets	10	(487,865)	-
<b>Net investing cash flows</b>		<b>(670,340)</b>	<b>(4,098,743)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from loan facilities		-	2,650,000
Repayment of loan facilities		-	(800,000)
Loans from related party	17(b)	250,000	1,000,000
Proceeds from other borrowings	17	298,195	205,467
Repayment of other borrowings	17	(248,371)	(269,936)
<b>Net financing cash flows</b>		<b>299,824</b>	<b>2,785,531</b>
<b>Net increase / (decrease) in cash held</b>		<b>(702,951)</b>	<b>691,517</b>
Cash at the beginning of the period		818,055	126,538
<b>Cash at the end of the financial period</b>	6(a)	<b>115,104</b>	<b>818,055</b>

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	Issued Capital Ordinary	Financial Asset Revaluation Reserve	Non- Controlling Interests	Retained Earnings	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2013</b>	<b>4,058,525</b>	<b>26,769</b>	<b>2,187</b>	<b>5,438,563</b>	<b>9,526,044</b>
<b>Comprehensive Income for the year</b>					
Loss attributable to members of parent entity	-	-	-	(938,875)	(938,875)
Profit attributable to non-controlling interests	-	-	4,931	-	4,931
Other comprehensive loss	-	(10,009)	-	-	(10,009)
<b>Total comprehensive income / (loss) for the year</b>	<b>-</b>	<b>(10,009)</b>	<b>4,931</b>	<b>(938,875)</b>	<b>(943,953)</b>
<b>Transactions with owners and other transfers</b>					
De-recognition of non-controlling interest of Australian Dairy Farms Trust	-	-	3,238	(3,238)	-
<b>Total transactions with owners and other transfers</b>	<b>-</b>	<b>-</b>	<b>3,238</b>	<b>(3,238)</b>	<b>-</b>
<b>Balance at 30 June 2014</b>	<b>4,058,525</b>	<b>16,760</b>	<b>10,356</b>	<b>4,496,450</b>	<b>8,582,091</b>

	Issued Capital Ordinary	Financial Asset Revaluation Reserve	Non- Controlling Interests	Retained Earnings	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2012</b>	<b>4,058,525</b>	<b>3,649</b>	<b>5,311</b>	<b>5,759,866</b>	<b>9,827,351</b>
<b>Comprehensive Income for the year</b>					
Loss attributable to members of parent entity	-	-	-	(321,303)	(321,303)
Loss attributable to non-controlling interests	-	-	(3,129)	-	(3,129)
Other comprehensive income	-	23,120	-	-	23,120
<b>Total comprehensive income / (loss) for the year</b>	<b>-</b>	<b>23,120</b>	<b>(3,129)</b>	<b>(321,303)</b>	<b>(301,312)</b>
<b>Transactions with owners and other transfers</b>					
Recognition of non-controlling interest of Dairy Farm Investments Trust	-	-	5	-	5
<b>Total transactions with owners and other transfers</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>5</b>
<b>Balance at 30 June 2013</b>	<b>4,058,525</b>	<b>26,769</b>	<b>2,187</b>	<b>5,438,563</b>	<b>9,526,044</b>

The accompanying notes form part of these financial statements.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 30 JUNE 2014

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report includes the consolidated financial statements and notes of Trustees Australia Limited (Trustees Australia) and controlled entities (the group). Trustees Australia is a listed public company, incorporated and domiciled in Australia.

The separate financial statements of the parent entity, Trustees Australia Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

#### **BASIS OF PREPARATION**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), of the Australian Accounting Standards Board and the *Corporations Act 2001*. The group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report, except for cash flow information, has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

#### **A. Principles of Consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Trustees Australia Limited) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Where controlled entities have entered or left the group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 24: Controlled Entities, to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

#### **Business combinations**

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### **A. Principles of Consolidation (cont'd)**

##### *Goodwill*

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- (i) the consideration transferred;
- (ii) any non-controlling interest; and
- (iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value uplifts in the value of pre-existing equity holdings are taken to the Statement of Profit or Loss and Comprehensive Income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

#### **B. Income Tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.



### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### **B. Income Tax (cont'd)**

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Trustees Australia Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Each entity in the group recognises its own current and deferred tax assets and liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the head entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 July 2004. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

#### **C. Fair Value of Assets and Liabilities**

The group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

#### **D. Inventories**

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on the basis of first-in-first-out.

#### **E. Land for Development and Investment Property**

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development.

Finance costs and holding charges incurred after development are expensed. Profits are brought to account on the signing of an unconditional contract of sale.

The group's investment property comprises a dairy farm property at Brucknell Victoria.



## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### ***E. Land for Development and Investment Property (cont'd)***

Land and buildings are considered as having the function of an investment and therefore are regarded as a composite asset, the overall value of which is influenced by many factors, the most prominent being income yield, rather than by the diminution in value of the building content due to effluxion of time. Accordingly, the buildings and all components thereof, including integral plant and equipment, are not depreciated.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance date. Fair value is the amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction. Gains or losses arising from changes in the fair values of investment properties are recorded in the statement of profit or loss and other comprehensive income as other income.

A revaluation does not take into account any potential capital gains tax on assets acquired after the introduction of CGT on the basis that this liability is transferred from the Trust to the unitholders.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

### ***F. Biological Assets - Dairy Cattle***

Biological assets are measured on initial recognition and at the end of each reporting period at fair value less cost to sell. Changes in the measurement of fair value less cost to sell are included in profit or loss for the period in which they arise. All costs incurred in maintaining the assets are included in profit or loss for the period in which they arise.

### ***G. Property, Plant and Equipment***

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

#### *Property*

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Valuation assessments are also conducted by management using the same methodology applied in previous independent valuations, taking into account comparable rentals and capitalisation rates to recent new leases and sales achieved which reflect the prevailing economic conditions, to assess whether the book values represent fair values.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity, all other decreases are recognised in profit or loss.

#### *Plant and equipment*

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### G. Property, Plant and Equipment (cont'd)

#### Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The useful-life rates used for each class of depreciable assets are:

Class of Fixed Assets	Depreciation Rate (years)
Buildings	40
Leasehold improvements	10
Plant and equipment	10-15
Leased plant and equipment	2-8

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

### H. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

### I. Financial Instruments

#### Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### *1. Financial Instruments (cont'd)*

##### *Classification and Subsequent Measurement*

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- a. the amount at which the financial asset or financial liability is measured at initial recognition;
- b. less principal repayments;
- c. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- d. less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

##### *Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

##### *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the group's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets).

If during the period the group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

##### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as current assets).

##### *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### ***I. Financial Instruments (cont'd)***

##### *Impairment*

At the end of each reporting period, the group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

##### *Financial Guarantees*

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

##### *Derecognition*

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

#### ***J. Impairment of Assets***

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised immediately in profit or loss.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### **K. Investments in Associates**

Associate companies are companies in which the group has significant influence through holding, directly or indirectly, 20% or more of the voting power of the company. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the group's share of net assets of the associate company. In addition the group's share of the profit or loss of the associate company is included in the group's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any excess of the group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the investor's share of the associate's profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the group and the associate are eliminated to the extent of the relation to the group's investment in the associate.

When the group's share of losses in an associate equals or exceeds its interest in the associate, the group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the group will resume the recognition of its share of those profits once its share of the profits equals the share of the losses not recognised.

Details of the group's investments in associates are shown at Note 14: Investments in Associates.

#### **L. Intangibles other than goodwill**

##### *Trademarks*

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life.

##### *Software*

Software which has been externally acquired is recognised at cost of acquisition. Once the software is fully operational, this expenditure will have a finite useful life and will be carried at cost less any accumulated amortisation and impairment losses.

#### **M. Employee Benefits**

##### *Short-term employee benefits*

Provision is made for the group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

##### *Other long-term employee benefits*

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### **N. Equity-settled Compensation**

The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a binomial pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

#### **O. Provisions**

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

#### **P. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

#### **Q. Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Commission income is taken to account when payment is made to the service provider or the monies are satisfactorily accounted for to the service provider and settlement made.

Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably.

All revenue is stated net of the amount of goods and services tax (GST).

#### **R. Trade and Other Payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

#### **S. Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

#### **T. Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST receivable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.



### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### **U. Trade and Other Receivables**

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(I) for further discussion on the determination of impairment losses.

#### **V. Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a Statement of Financial Position as at the beginning of the earliest comparative period will be disclosed.

#### **W. Trustee / Responsible Entity Obligations**

Trustees Australia acts as responsible entity for managed investment schemes registered with the Australian Securities and Investment Commission. A responsible entity is liable for limited obligations of its underlying trusts, and generally has a right of indemnity against the trusts' assets. These financial statements do not recognise such liabilities except to the extent that the group has committed a breach of fiduciary duty, or the extent that an underlying trust might have insufficient assets to settle its obligations. Such circumstances have not arisen. Trustees Australia has no obligation in respect of any borrowing or other liability of any trust for which it acts as responsible entity.

The Directors' Report contains a statement regarding the financial services licence to act as Responsible Entity.

The Consolidated Cash Flow Statement does not reflect any cash flows attributable to the activities of the group undertaken on behalf of the Trust. At balance date, there have been no breaches of fiduciary duty by the Responsible Entity to the directors' knowledge and the assets of the Trust are sufficient to meet its liabilities.

Commissions and fees earned in respect of the Trust's activities are included in profit and loss, which also includes commissions and fees earned or paid from fund management activities.

#### **X. Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

##### **Key Estimates**

###### **(i) Impairment**

The group assesses impairment at each reporting date by evaluating conditions and events specific to the group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using fair value and value-in-use calculations which incorporate various key assumptions.

###### **(ii) Property Valuations**

The directors make assessments of land and buildings and property valuations on the basis outlined in Note 1 (E) & (G).

##### **Key Judgments**

###### **(i) Future Tax Benefit of Tax Losses**

At 30 June 2014, the directors reassessed the recoverability of the future tax benefits of tax losses and consider there is no certainty that future taxable profit will be available to enable the benefit of tax losses to be realised. At each period end the directors will reassess the recoverability of the future tax benefit of these tax losses.

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### ***Y. New Accounting Standards for application in future periods***

The adoption of the following new accounting standards by the group in the year had no impact on amounts recorded, but did result in some changed disclosures:

- AASB 10: *Consolidated Financial Statements*;
- AASB 12: *Disclosure of Interests in Other Entities*;
- AASB 127: *Separate Financial Statements*
- AASB 119: *Employee Benefits*

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the group, together with an assessment of the potential impact of such pronouncements on the group when adopted in future periods, are discussed below:

- AASB 9: Financial Instruments and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).

The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

This standard is not expected to significantly impact the group's financial statements

- AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard provides clarifying guidance relating to the offsetting of financial instruments, which is not expected to impact the group's financial statements.

- Interpretation 21: Levies (applicable for annual reporting periods commencing on or after 1 January 2014).

Interpretation 21 clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time. This Interpretation is not expected to significantly impact the group's financial statements.

- AASB 2013-3: Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard amends the disclosure requirements in AASB 136: Impairment of Assets pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the group's financial statements.

- AASB 2013-4: Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting (applicable for annual reporting periods commencing on or after 1 January 2014).

AASB 2013-4 makes amendments to AASB 139: Financial Instruments: Recognition and Measurement to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. This Standard is not expected to significantly impact the group's financial statements.

- AASB 2013-5: Amendments to Australian Accounting Standards – Investment Entities (applicable for annual reporting periods commencing on or after 1 January 2014).

AASB 2013-5 amends AASB 10: Consolidated Financial Statements to define an "investment entity" and requires, with limited exceptions, that the subsidiaries of such entities be accounted for at fair value through profit or loss in accordance with AASB 9 and not be consolidated. Additional disclosures are also required. As neither the parent nor its subsidiaries meet the definition of an investment entity, this Standard is not expected to significantly impact the group's financial statements.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 30 JUNE 2014

### NOTE 2: PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Accounting Standards.

	2014 \$	2013 \$
<b>Statement of Financial Position</b>		
<b>Assets</b>		
Current assets	2,760,559	2,206,601
Non-current assets	5,967,008	7,385,314
<b>Total assets</b>	<b>8,727,567</b>	<b>9,591,915</b>
<b>Liabilities</b>		
Current liabilities	145,476	65,870
<b>Total liabilities</b>	<b>145,476</b>	<b>65,870</b>
<b>Equity</b>		
Issued capital	4,058,525	4,058,525
Retained earnings	4,523,566	5,467,520
<b>Total Equity</b>	<b>8,582,091</b>	<b>9,526,045</b>

### Statement of Profit or Loss and Other Comprehensive Income

Total profit / (loss)	(943,954)	(10,487,198)
Total comprehensive income / (loss)	(943,954)	(10,487,198)

### Contingent liabilities and guarantees

Trustees Australia Limited (TAU) made announcements to ASX in October and November 2013 regarding a demand made in October 2013 against TAU and APA Financial Services Limited (APA) by Technology Capital Pty Ltd, a former corporate adviser to DFI Management, a New Zealand company of which Mr Keith Jackson is a director. Mr Jackson is a proposed director of Australian Dairy Farms Limited and is a director of DFI Brucknell, the vendor of the Brucknell No 1 Farm.

Technology Capital alleges that the TAU and APA have breached the terms of a confidentiality agreement between them, to have procured DFI Management to breach its mandate with Technology Capital, and that TAU and/or APA are liable for certain fees that Technology Capital claim to be entitled to under its mandate, including a success fee of \$100,000, and 6% of equity amounts and 2% and debt amounts raised. Technology Capital also claim that under the mandate it is entitled to, after reaching certain milestones based upon scale and herd count, be progressively issued 1.5% of the total issued capital of the "Dairy Project".

No mandate exists or has existed between Technology Capital and TAU and/or APA, and TAU and APA do not believe that there is any sound basis for Technology Capital's claim, or that they have any material liability to Technology Capital.

No proceedings have been commenced against either TAU or APA. Any proceedings will be defended. Technology Capital has commenced proceedings against DFI Management in New Zealand, which DFI Management is defending.

In the ordinary course of business TAU provides guarantees in respect of borrowing facilities provided to the group. No liability is expected to arise in respect of these guarantees.

TAU has also guaranteed the collection of the \$229,707 receivable from Dairy Farm Investments (Bucknell) Limited (see note 7) due to Australian Dairy Farms Trust (wholly owned entity) and no liability is expected to arise in respect of this guarantee.

### Contractual commitments

At 30 June 2014, Trustees Australia had not entered into any contractual commitments for the acquisition of property, plant and equipment (2013: \$nil).

Other contingent matters of the company, or the group, are mentioned in note 21.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 30 JUNE 2014

### NOTE 3: REVENUE AND EXPENSES

<b>(a) Revenue from continuing operations</b>	<b>2014</b>	<b>2013</b>
<b>Revenue</b>	<b>\$</b>	<b>\$</b>
Rendering of services	1,720,214	1,664,369
Financial services income	1,612,233	1,244,801
Livestock fair value adjustment (refer note 10)	214,335	-
Sale of development property	-	3,260,000
Sale of goods	60,707	59,371
	<b>3,607,489</b>	<b>6,228,541</b>
<b>Other revenue</b>		
Interest received - other persons	10,678	18,231
Rental revenue	423	24,575
Other revenue	133,986	162,528
	<b>145,087</b>	<b>205,334</b>
<b>Total Revenue</b>	<b>3,752,576</b>	<b>6,433,875</b>
<b>(b) Other Income</b>		
Finance discount earned on disposal of subsidiary	45,455	-
	<b>45,455</b>	<b>-</b>
<b>(c) Expenses from continuing operations</b>		
<b>(i) Finance costs</b>		
Bank loans and overdrafts	(124,564)	(77,083)
Finance charges payable under finance leases	(14,049)	(13,723)
Interest paid - related party	(116,621)	(920)
	<b>(255,254)</b>	<b>(91,726)</b>
<b>(ii) Depreciation and amortisation of non-current assets</b>		
Intangibles	(548)	(548)
Software	(13,109)	-
Buildings	(81,347)	(81,348)
Leasehold improvements	(5,534)	(5,534)
Plant and equipment	(83,098)	(83,412)
Leased plant and equipment	-	(7,985)
	<b>(183,636)</b>	<b>(178,827)</b>
<b>(iii) Employee benefits expense</b>		
Wages and salaries costs	(2,100,867)	(2,166,815)
Superannuation	(185,910)	(176,528)
Employee benefits provisions	(13,676)	(56,360)
	<b>(2,300,453)</b>	<b>(2,399,703)</b>
<b>(iv) Other significant expenses</b>		
Impairment of investment property (refer note 9)	(411,129)	-
Rental expense on operating leases	(344,221)	(349,965)
Cost of sales (2013 includes development property, refer note 8)	1,654	(3,455,964)
Bad debt - trade receivables	-	(507)

### (d) Revenue and expenses from discontinued operations

Refer note 5 for details of discontinued operations in the 2013 financial year.

NOTE 4: INCOME TAX EXPENSE

	2014 \$	2013 \$
<b>(a) The components of tax expense / (benefit) comprise</b>		
Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>

**(b) The prima facie tax on profit before income tax is reconciled to the income tax as follows**

Prima facie tax payable / (benefit) on profit / (loss) from ordinary activities before income tax at 30% (2013: 30%):	(280,183)	(97,330)
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**Add /(less)**

Tax effect of:

- current period tax losses not recognised	271,318	369,660
- current period capital losses not recognised	-	1,000,806
- non-deductible / (assessable) component of distribution from associate	25,644	29,550
- non-deductible impairment expense	123,339	-
- other non-deductible items	307,194	307,408
- other deductible items	(447,312)	(358,791)
- sale of land	-	51,926
- sale of discontinued operations	-	(302,422)
- capital loss on disposal of development property	-	(1,146,361)
- capital gain on disposal of subsidiary	-	145,554
Income tax expense / (benefit) attributable to entity	<u>-</u>	<u>-</u>

Applicable weighted average effective tax rates are as follows:	N/A	N/A
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**(c) Deferred tax assets not recognised**

Deferred tax assets and liabilities not brought to account, the net benefit of which will only be realised if the conditions for deductibility set out in Note 1: Statement of Significant Accounting Policies occur.

Temporary differences	(140,118)	(51,383)
Tax losses	2,117,299	1,849,409
Capital losses	976,072	1,055,125
<b>Net unbooked deferred tax assets</b>	<b>2,953,253</b>	<b>2,853,151</b>

The group has unconfirmed revenue losses of \$7,057,662 (2013: \$6,164,697) and capital losses of \$3,253,573 (2013: \$3,517,083)

**(d) Tax effects relating to each component of other comprehensive income**

	2014			2013		
	Before-tax amount \$	Tax (expense) benefit \$	Net-of-tax amount \$	Before-tax amount \$	Tax (expense) benefit \$	Net-of-tax amount \$
Financial assets revaluation	(10,009)	-	(10,009)	23,120	-	23,120
	<b>(10,009)</b>	<b>-</b>	<b>(10,009)</b>	<b>23,120</b>	<b>-</b>	<b>23,120</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 30 JUNE 2014

### NOTE 5: DISCONTINUED OPERATIONS

On 14 March 2013, the group sold its wholly-owned subsidiaries, Administration Partners Pty Ltd and My Super Solutions Pty Ltd. The agreed consideration for the sale was \$1,000,000 payable in three instalments. As at 30 June 2013, two instalments comprising \$500,000 had been received, with the balance of \$500,000 received in January 2014.

(a) The financial performance of the discontinued operation to the date of sale, which is included in profit/(loss) from discontinued operations per the statement of profit or loss and comprehensive income, is as follows:

	2014 \$	2013 \$
Revenue	-	417,836
Expenses	-	(473,514)
Profit / (loss) before income tax	-	(55,678)
Income tax expense	-	-
Profit / (loss) attributable to members of the parent entity	-	(55,678)
Profit on sale before income tax	-	1,008,072
Income tax expense	-	-
Profit on sale after income tax	-	1,008,072
Total profit / (loss) attributable to members of the parent entity	-	952,394

(b) The net cash flows of the discontinued operations, which have been incorporated into the statement of cash flows, are as follows:

Net cash inflow / (outflow) from operating activities	-	(25,682)
Net cash inflow / (outflow) from investing activities	500,000	501,704
Net cash inflow / (outflow) from financing activities	-	-
Net cash generated by discontinued operations	500,000	476,022

(c) Disposal of entity:

	\$	\$
Disposal price		1,000,000
Refund of insurance premium		1,704
Deferred consideration		(454,545)
Discount on deferred consideration		(45,455)
<b>Cash consideration</b>		<b>501,704</b>

**Assets and liabilities held at disposal:**

Debtors	22,544	
Prepayments	25,796	
Office Equipment	21,365	
Trade payables and accruals	(30,344)	
Annual leave provision	(43,879)	
Long service leave provision	(47,305)	
		(51,823)

**Profit on sale of discontinued operations comprising:**

Gain on disposal of subsidiary	956,250	
Gain on disposal of net tangible assets (non-cash)	51,822	
		1,008,072
Discounted deferred consideration		(454,545)
<b>Net cash received</b>		<b>501,704</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 30 JUNE 2014

### NOTE 6: CASH AND CASH EQUIVALENTS

	Notes	2014 \$	2013 \$
Cash at bank and in hand		79,169	77,907
Short-term deposit		35,935	740,148
	29	<b>115,104</b>	<b>818,055</b>

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months, depending on immediate cash requirements of the group, and earn interest at the respective short-term deposit rates.

Effective interest rates on short term deposits were 2.30% (2013: 2.55%). These deposits are at call.

At 30 June 2014 the group has banking facilities with the Commonwealth Bank of Australia Limited (CBA) secured by registered mortgages and floating charges over real estate and other assets of the group. The following are included in the CBA facilities:

- Trustees Australia has a one year loan facility of \$500,000 which has a maturity date of 5 December 2014. This facility was unutilised at 30 June 2014 (2013: unutilised). While the facility is made for a pre-determined term it is subject to annual review of compliance with pre-determined covenants. Trustees Australia also has a long-term \$55,000 (2013: \$55,000) bank guarantee that is fully drawn at 30 June 2014.
- Queensland Resorts Pty Ltd has a \$50,000 (2013: \$50,000) overdraft facility which was unutilised (2013: unutilised) at 30 June 2014 and a long-term \$25,000 (2013: \$25,000) bank guarantee facility that is fully drawn at 30 June 2014.

The fair value of cash, cash equivalents and overdrafts is \$115,104 (2013: \$818,055).

#### (a) Reconciliation of Cash

For the purpose of the Cash Flow Statement, cash includes cash and cash equivalents comprising the following at 30 June 2014:

	2014 \$	2013 \$
Cash at bank and in hand	79,169	77,907
Short-term deposit	35,935	740,148
	<b>115,104</b>	<b>818,055</b>

A floating charge over cash and cash equivalents has been provided to the CBA as part of security arrangements for current facilities. For further details refer to Note 17(a): Borrowings.

#### (b) Reconciliation of Profit after Income Tax to Cash Flows from Operations

	2014 \$	2013 \$
<b>Net profit / (loss) after income tax (pre minority interest share)</b>	(933,944)	(324,432)
<b>Adjustment of non cash items</b>		
Amortisation and depreciation	183,636	178,827
Bad debts	-	507
Finance discount earned on sale of subsidiary	(45,455)	(506,367)
Share of associated company's net profit after income tax and dividends	(152,144)	112,275
Livestock fair value adjustment	(214,335)	-
Interest accrual - related party	116,621	-
Loss on sale of assets	-	4,494
Impairment of investment property	411,129	-
<b>Changes in assets and liabilities, net of the effects of movements in subsidiaries</b>		
Increase / (decrease) in provisions	23,001	30,770
(Increase) / decrease in receivables and other assets	(205,011)	(810,014)
(Increase) / decrease in inventories	(3,234)	3,159,097
Increase / (decrease) in trade creditors	487,301	159,572
<b>Net operating cash flows</b>	<b>(332,435)</b>	<b>2,004,729</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 30 JUNE 2014

### NOTE 7: TRADE AND OTHER RECEIVABLES

	Notes	2014 \$	2013 \$
<b>Current</b>			
Trade debtors		403,077	127,553
Other receivables		718,328	786,255
<b>Total current receivables</b>		<b>1,121,405</b>	<b>913,808</b>

#### (a) Provision For Impairment of Receivables

Current trade and other receivables are non-interest bearing and generally on 30-day terms. Any non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. There are no balances within trade and other receivables that contain assets that are impaired.

#### CREDIT RISK — TRADE AND OTHER RECEIVABLES

Receivables include \$367,449 in distributions receivable from Whitsunday Village Retail Property Trust No 1 (associated entity, see note 14) and a \$229,707 receivable from Dairy Farm Investments (Brucknell) Limited in respect of the dairy farm property (see note 9). These items represent a concentration of credit risk for the group and are considered recoverable. Otherwise the group has no significant concentration of credit risk with respect to any single counter party or group of counter parties. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the group. On a geographical basis, the group has no significant credit risk exposures.

The following table details the group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, with the terms and conditions agreed between the group and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of good credit quality.

	Gross amount	Past due and impaired	Past due but not impaired (days overdue)			Within initial trade terms
			31-60	61-90	>90	
<b>2014</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Trade and term receivables	403,077	-	9,352	2,167	1,318	390,240
Other receivables	718,328	-	-	-	-	718,328
<b>Total</b>	<b>1,121,405</b>	<b>-</b>	<b>9,352</b>	<b>2,167</b>	<b>1,318</b>	<b>1,108,568</b>

<b>2013</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Trade and term receivables	127,553	-	3,160	2,267	5,988	116,138
Other receivables	786,255	-	-	-	-	786,255
<b>Total</b>	<b>913,808</b>	<b>-</b>	<b>3,160</b>	<b>2,267</b>	<b>5,988</b>	<b>902,393</b>

The group does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

#### (b) Financial assets classified as loans and receivables

	Notes	2014 \$	2013 \$
<b>Trade and other receivables</b>			
Total current		1,121,405	913,808
<b>Financial assets</b>	29	<b>1,121,405</b>	<b>913,808</b>

#### (c) Collateral pledged

A floating charge over trade receivables has been provided for certain debt. For further details refer to Note 17(a): Borrowings.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 30 JUNE 2014

### NOTE 8: INVENTORIES

	Notes	2014 \$	2013 \$
<b>Current</b>			
Stock in trade at cost		9,388	6,154
Development property at lower of cost and NRV	(a)	-	-
		<b>9,388</b>	<b>6,154</b>
<b>Non-Current</b>			
Development property at lower of cost and NRV	(a)	1,326,178	1,320,000
		<b>1,326,178</b>	<b>1,320,000</b>
		<b>1,335,566</b>	<b>1,326,154</b>
<b>Movements during the year:</b>			
Opening Balance as at 1 July		1,320,000	4,482,468
Transfer to cost of goods sold		-	(3,162,468)
Development costs capitalised		6,178	-
<b>Development property as at 30 June</b>		<b>1,326,178</b>	<b>1,320,000</b>

(a) The group holds development property adjacent to its backpacker hostel property at Airlie Beach. The directors commissioned a valuation from Opteon (Central and Southern QLD) Pty Ltd for the year ended 30 June 2012, to assess independently the value of the land and of the other property assets at Airlie Beach. The valuer made an assessment recognising that the last 3-4 years had been challenging because of global economic conditions and valued the land at \$1,430,000. The directors considered the valuation assessment and elected to take a conservative approach to the valuation and include \$1,320,000 as the carrying value of the land at 30 June 2013. The directors have adopted the same valuation methodology at 30 June 2014.

### NOTE 9: INVESTMENT PROPERTY

	Notes	2014 \$	2013 \$
<b>Current</b>			
Investment property at fair value		4,325,593	4,339,754
<b>Total investment property</b>		<b>4,325,593</b>	<b>4,339,754</b>
<b>Movements during the year:</b>			
Opening balance	(a)	4,339,754	-
Acquisition of investment property		-	4,339,754
Development costs capitalised		274,375	-
Plant and equipment		122,593	-
Impairment expense on property	(b)	(411,129)	-
<b>Total investment property</b>		<b>4,325,593</b>	<b>4,339,754</b>

(a) The Australian Dairy Farms Trust (formerly Dairy Farm Investments Trust; "Trust") was established on 27 February 2013 with Trustees Australia Limited appointed as trustee and owning 100% of the units issued. On establishment of the trust, Trustees Australia, as trustee, entered into a contract to acquire a dairy farm property at Brucknell Victoria which was completed on 15 June 2013. The \$4,339,754 in acquisition costs includes the purchase of land and buildings and related acquisition stamp duty and other costs capitalised. Since acquisition, enhancements have been made to the farm's infrastructure and integral plant and equipment. The farm is operated by Dairy Farm Investments (Brucknell) Limited under a sharefarming agreement, to manage the property and provide a return on the Trust's property investment.

(b) On 26 May 2014 an independent valuation was undertaken by Mr RM Cussen (certified practising valuer No 61961). The property was valued at \$4,203,000 excluding recent farm infrastructure enhancements and integral plant and equipment. The directors have adopted this valuation at 30 June 2014 and in accordance recorded an impairment of \$411,129.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 30 JUNE 2014

### NOTE 10: BIOLOGICAL ASSETS

	Notes	2014 \$	2013 \$
Dairy cattle - livestock mature - at fair value	(a)	702,200	-
<b>Total investment property</b>		<b>702,200</b>	<b>-</b>
<b>Movements during the year:</b>			
Opening balance		-	-
Purchases at cost		487,865	-
Fair value adjustment due to market value changes, natural increase and attrition		214,325	-
<b>Closing balance</b>		<b>702,200</b>	<b>-</b>
<b>Movements during the year (herd numbers):</b>			
Purchases		408	-
Natural increase		95	-
Attrition		(22)	-
<b>Closing balance</b>		<b>481</b>	<b>-</b>

(a) Biological assets represent the dairy cattle herd located on the trust's investment property (see note 9). The cattle are valued at fair value, by an independent stock agent, based on the prices in the open cattle market in the locality of the property. A fair value adjustment of \$214,335 has been recognised in profit and loss at 30 June 2014, and represents the increase in value of the cattle due to market price and natural increases / decreases.

### NOTE 11: OTHER ASSETS

	2014 \$	2013 \$
<b>Current</b>		
Prepayments	179,553	119,945
Bonds and deposits	102,870	273,156
	<b>282,423</b>	<b>393,101</b>

### NOTE 12: OTHER FINANCIAL ASSETS

	Notes	2014 \$	2013 \$
<b>NON-CURRENT</b>			
Available-for-sale financial assets		19,010	29,020
<b>Total other financial assets</b>		<b>19,010</b>	<b>29,020</b>
<b>(a) Available-for-sale financial assets comprise:</b>			
Listed investments, at fair value			
- shares in listed corporations	(i)	19,010	29,020
<b>Total available for sale financial assets</b>		<b>19,010</b>	<b>29,020</b>

(i) Fair value is based on quoted market value, which resulted in a \$10,010 impairment in the year. In the 2013 financial year, a revaluation increment of \$23,120 was recorded.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 30 JUNE 2014

### NOTE 13: INTANGIBLE ASSETS

	2014 \$	2013 \$
Goodwill - at cost	226,316	226,316
less accumulated impairment losses	-	-
	<b>226,316</b>	<b>226,316</b>
Software - at cost	518,866	293,982
less accumulated amortisation	(13,109)	-
	<b>505,757</b>	<b>293,982</b>
Trademarks and patent - at cost	4,491	4,382
less accumulated amortisation	(3,836)	(3,288)
	<b>655</b>	<b>1,094</b>
<b>Total intangibles</b>	<b>732,728</b>	<b>521,392</b>

	Notes	Goodwill \$	Software \$	Trademarks \$	Total \$
Balance at 1 July 2013		226,316	293,982	1,094	521,392
Additions		-	224,884	109	224,993
Amortisation charge		-	(13,109)	(548)	(13,657)
<b>Balance at 30 June 2014</b>	(a)	<b>226,316</b>	<b>505,757</b>	<b>655</b>	<b>732,728</b>
Balance at 1 July 2012		226,316	44,125	1,642	272,083
Additions		-	249,857	-	249,857
Amortisation charge		-	-	(548)	(548)
<b>Balance at 30 June 2013</b>		<b>226,316</b>	<b>293,982</b>	<b>1,094</b>	<b>521,392</b>

(a) As part of the annual review of holding values of all intangibles the directors have reviewed the carrying values of goodwill, software and trademarks and have adopted the current carrying values at 30 June 2014.

The development of new software systems across the group are in the final stages of development and testing. The directors have reviewed the carrying value of the technology and elected to maintain the value at cost. Other than on a portion of completed software in Trustees Australia Limited this financial year, amortisation will commence in 2015 on completion and implementation of the new software systems.

Goodwill relates to the acquisition of subsidiary Rim Securities Limited and the recoverable amount of this goodwill has been assessed using "value in use" calculations for the financial services segment, with no indicators of impairment.

### IMPAIRMENT DISCLOSURES

Goodwill is allocated to cash-generating units which are based on the group's reporting segments. Goodwill relates to the acquisition of RIMsec. The recoverable amount of this goodwill has been assessed using "value in use" calculations for the financial services segment.

### KEY ASSUMPTIONS USED FOR 'VALUE-IN-USE' CALCULATIONS

#### Value-in-Use

The impairment test for the financial services segment is based on 'value-in-use' calculations, applying five (5) year discounted cash flow projections that have been approved by the board. Based on actual operating results the assumptions are consistent with past performance and expectations of future market activity.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 30 JUNE 2014

### NOTE 13: INTANGIBLE ASSETS (cont'd)

#### *Growth and Discount Rates*

A conservative long-term growth rate of 3% per annum, attributed to core inflation, has been used in calculating future cash flows. Discount rates used reflect after-tax rates and are adjusted to incorporate risk premiums associated with industry sector and specific business risk assessments. An after-tax discount rate of 18% has been used.

#### *Impairment*

No impairment for the 2014 financial year has been recorded for intangible assets in the financial services segment.

### NOTE 14: INVESTMENTS IN ASSOCIATES

	2014	2013
	\$	\$
<b>Non-current</b>		
Investment in associates	<u>1,448,275</u>	<u>1,642,583</u>

Interests are held in the following associated entities:

Name	Principal Activities	Country of Incorp.	Type	Ownership Interest		Carrying amount of investment	
				2014	2013	2014	2013
				%	%	\$	\$
<b>Unlisted:</b>							
Whitsunday Village Retail Property Trust No 1.	Investment Property Management	Aust	Units	42.92	42.92	1,052,939	1,247,247
<b>Listed</b>							
APA Financial Services Limited	Asset Investment Portfolio Admin	Aust	Shares	33.58	33.58	395,336	395,336
						<b>1,448,275</b>	<b>1,642,583</b>

#### (i) Whitsunday Village Retail Property Trust No 1 (WVRPT)

The Group has a 42.92% (2013: 42.92%) interest in the WVRPT, which is an unlisted property trust that holds retail property located in Airlie Beach. This property adjoins the new Woolworths supermarket development and the primary pedestrian entrances to the new supermarket are from Shute Harbour Road through the shops owned by Whitsunday Village Retail Property Trust. These shops have already seen positive benefits from the Woolworths proximity through renewed lease terms, renegotiated rents for some existing tenancies and increased enquiry for availability. On 25 June 2014, the Trust was successful in selling a shop in the Centre, tenanted by a BWS liquor store on an attractive yield and firm interest has been received in the leasing of other tenancies which are expected to lead to additional potential sales of properties in the future.

#### (ii) APA Financial Services Limited (APA)

The Group has a 33.58% (2013: 33.58%) interest in APA, which is an ASX listed entity with a minority interest in OneVue Holdings Pty Limited, a portfolio administration platform provider for participants in the financial services industry that listed on the ASX in July 2014. APA has announced that it is undertaking a dairy farm aggregation project in conjunction with Australian Dairy Farms Trust, which has resulted in a public offer capital raising and re-compliance with ASX listing rules. As part of that process, there will be a 1 for 5 consolidation of existing APA shares on issue and a new issue of Stapled Securities comprised of one post-consolidation APA share and one unit in the Australian Dairy Farms Trust. Assuming the maximum subscription is raised under the public offer, Trustees will have a holding of 5.32% in Australian Dairy Farms Group plus a convertible note which will be convertible to 6,500,000 additional stapled securities at an issue price of 20 cents per security.

# NOTE 14: INVESTMENTS IN ASSOCIATES (cont'd)

## Summarised Financial Information for Associates

Set out below is the summarised financial information for the group's material investments in associates. Unless otherwise stated, the disclosed information reflects the amounts presented in the Australian Accounting Standards financial statements of the associates. The following summarised financial information, however, reflects the adjustments made by the group when applying the equity method, including adjustments for any differences in accounting policies between the group and the associates.

	WVRPT		APA		Total	
	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$
<b>Summarised Financial Position</b>						
Total current assets	1,411,273	106,111	794,596	196,315	2,205,869	302,426
Total non-current assets	4,750,000	5,750,000	-	527,380	4,750,000	6,277,380
Total current liabilities	1,707,241	2,949,809	311,147	14,124	2,018,388	2,963,933
Total non-current liabilities	2,000,500	-	-	-	2,000,500	-
<b>Net Assets</b>	<b>2,453,532</b>	<b>2,906,302</b>	<b>483,449</b>	<b>709,571</b>	<b>2,936,981</b>	<b>3,615,873</b>
Group's share (%)	42.92	42.92	33.58	33.58		
Group's share of associates net assets (i)	1,052,939	1,247,247	162,343	238,274	1,215,284	1,485,521
<b>Summarised Financial Performance</b>						
Revenue	752,057	677,395	2,635	85,460	754,692	762,855
Profit / (loss) after tax	386,282	(22,136)	(423,889)	(100,536)	(37,607)	(122,672)
Other comprehensive income	-	-	197,767	(94,175)	197,767	(94,175)
<b>Total comprehensive income / (loss)</b>	<b>386,282</b>	<b>(22,136)</b>	<b>(226,122)</b>	<b>(194,711)</b>	<b>160,160</b>	<b>(216,847)</b>
Group's share of associates' profit / (loss) after tax	165,774	(9,499)	(75,932)	(65,384)	89,842	(74,883)
Group's share of associates' other comprehensive income	-	-	-	-	-	-
<b>Reconciliation to Carrying Amounts</b>						
Group's share of associates' opening net assets	1,247,247	1,359,522	395,336	395,336	1,642,583	1,754,858
Group's share of associates' profit / (loss) after tax (i)	165,774	(9,499)	-	-	165,774	(9,499)
Group's share of distributions received and receivable	(360,082)	(102,776)	-	-	(360,082)	(102,776)
Group's share of associates' closing net assets (closing carrying amount of investment)	<b>1,052,939</b>	<b>1,247,247</b>	<b>395,336</b>	<b>395,336</b>	<b>1,448,275</b>	<b>1,642,583</b>

(i) The directors have shown the investment in APA at their estimate of the carrying value of the company's underlying net assets on the basis that this assessment more accurately reflects the fair value of the investment.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 30 JUNE 2014

### NOTE 15: PROPERTY, PLANT AND EQUIPMENT

	Notes	2014 \$	2013 \$
<b>Land and buildings</b>			
Freehold land:			
- directors' valuation 2012		1,870,052	1,870,052
<b>Total land</b>		<b>1,870,052</b>	<b>1,870,052</b>
<b>Buildings</b>			
- directors' valuation 2012		2,561,223	2,561,223
less accumulated depreciation		(244,266)	(162,918)
<b>Total buildings</b>		<b>2,316,957</b>	<b>2,398,305</b>
<b>Total land and buildings, net</b>	(a)	<b>4,187,009</b>	<b>4,268,357</b>
<b>Plant and equipment owned</b>			
- at cost		1,876,481	1,822,148
less accumulated depreciation		(1,603,173)	(1,520,078)
<b>Total plant and equipment, net</b>		<b>273,308</b>	<b>302,070</b>
<b>Leasehold improvements</b>			
- at cost		59,916	59,916
Less accumulated amortisation		(44,187)	(38,654)
<b>Total Leasehold improvements, net</b>		<b>15,729</b>	<b>21,262</b>
<b>Total property, plant and equipment, net</b>	27	<b>4,476,046</b>	<b>4,591,689</b>

- (a) The directors commissioned a valuation from Opteon (Central and Southern QLD) Pty Ltd for the year ended 30 June 2012, to assess independently the value of the land and of the other property assets at Airlie Beach. The valuer made an assessment taking into account the long term trading history of the property and its current condition, while also recognising that the last 3-4 years have been challenging because of global economic conditions and valued the Magnums site and business at \$4,470,000. The directors then considered the valuation assessment, subsequent market information and further valuer data and elected to take a conservative approach to the valuation and retain the value of the land and buildings at 30 June 2013. The directors have adopted the same valuation methodology at 30 June 2014 less building depreciation for the year.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 30 JUNE 2014

### NOTE 16: TRADE AND OTHER PAYABLES

	Notes	2014 \$	2013 \$
<b>Current – unsecured</b>			
Trade creditors		559,176	206,905
Sundry creditors and accrued expenses		1,032,487	897,457
<b>Total current payables</b>		<b>1,591,663</b>	<b>1,104,362</b>
<b>Non-current – unsecured</b>		-	-
<b>Total trade and other payables</b>		<b>1,591,663</b>	<b>1,104,362</b>
<b>Financial liabilities at amortised cost classified as trade and other payables</b>			
Total trade and other payables		1,591,663	1,104,362
<b>Financial liabilities as trade &amp; other payables</b>	29	<b>1,591,663</b>	<b>1,104,362</b>

### NOTE 17: BORROWINGS

	Notes	2014 \$	2013 \$
<b>Current</b>			
Loans - unsecured		90,706	40,882
CBA loan facility	(a)	2,250,000	2,250,000
Loans - related party	(b)	1,366,621	1,000,000
<b>Total current borrowings</b>		<b>3,707,327</b>	<b>3,290,882</b>

(a) At 30 June 2014 the Group has banking facilities with the Commonwealth Bank of Australia Limited secured by registered mortgages and floating charges over real estate and other assets of the group. Included in the Commonwealth Bank of Australia facilities are:

- a one year loan facility of \$500,000 which has a maturity date of 5 December 2014. This facility was unutilised at 30 June 2014 (2013: nil). While the facility is made for a predetermined term it is subject to annual review of compliance with pre determined covenants;
- a one year loan facility of \$2,250,000 which had a maturity date of 14 June 2014 and was extended to 14 December 2014. This facility was established 14 June 2013 for the Australia Dairy Farms Trust and is fully utilised at 30 June 2014 (2013: \$2,250,000);
- a \$50,000 overdraft facility which was unutilised at 30 June 2014 (2013: \$nil);
- a \$55,000 bank guarantee facility which was unutilised at 30 June 2014 (2013: \$nil); and
- a \$25,000 bank guarantee facility that is fully drawn at 30 June 2014 (2013: \$25,000).

#### Collateral provided:

The carrying amounts of assets pledged as security are:

	2014 \$	2013 \$
First mortgage over freehold land and buildings at market value (including development property)	5,513,187	5,588,357
Floating charge over assets, including unlisted investments	9,045,163	8,987,199
<b>Total assets pledged as security</b>	<b>14,558,350</b>	<b>14,575,556</b>

(b) The Australian Dairy Farms Trust has a secured loan facility of \$1,366,621 with Fiduciary Nominees Pty Ltd, of which Michael Hackett is a director, and interests associated with Michael Hackett. This facility is fully utilised at 30 June 2014 (2013: \$1,000,000). The facility has a maturity date of 31 December 2014. Security is over the farm property held by ADFT (see note 9) and units in ADFT.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 30 JUNE 2014

### NOTE 18: PROVISIONS

	2014 \$	2013 \$
<b>Current</b>		
Employee benefits	104,315	113,824
<b>Total current provisions</b>	<b>104,315</b>	<b>113,824</b>
<b>Non-Current</b>		
Employee benefits	572,954	540,444
<b>Total non-current provisions</b>	<b>572,954</b>	<b>540,444</b>
Opening Balance	654,268	691,281
Additional provisions	119,668	78,191
Provision disposed on sale of subsidiary	-	(47,306)
Amounts used	(96,667)	(67,898)
<b>Closing Balance</b>	<b>677,269</b>	<b>654,268</b>

#### Provision for long term employee benefits

A provision has been recognised for employee entitlements relating to annual leave and long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to this report.

### NOTE 19: ISSUED CAPITAL

	2014 \$	2013 \$
<b>(a) Contributed Equity</b>		
At the beginning of the reporting period	4,058,525	4,058,525
New share issues	-	-
<b>At the end of the reporting period</b>	<b>4,058,525</b>	<b>4,058,525</b>

	2014 Number	2013 Number
<b>Number of Ordinary Shares on Issue</b>		
At the beginning of the reporting period	33,110,131	33,110,131
Shares issued during the period	-	-
Shares cancelled during the period	-	-
<b>At the end of the reporting period</b>	<b>33,110,131</b>	<b>33,110,131</b>

Effective 1 July 1998, the corporations legislation abolished the concept of authorised capital and par values of shares. Accordingly the company does not have authorised capital or par value in respect of issued shares.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders' meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

#### (b) Options

There are no options on issue.



## NOTE 19: ISSUED CAPITAL (cont'd)

### (c) Capital Management

The group's debt and capital includes shares and financial liabilities, supported by financial assets. The group's capital is managed by assessing the group's financial risks and adjusting its capital structure in response to changes in those risks and in the market. Financial risk consideration includes the management of debt levels, distributions to shareholders and share issues. Given the recent volatility in financial markets and increased risks associated with high levels of gearing, the directors have elected to maintain low levels of borrowings. The strategy adopted to manage capital is consistent with prior years, although in the current year an increase in borrowings did occur. The gearing ratios for the year ended 30 June 2014 and 30 June 2013 are as follows:

	Notes	2014 \$	2013 \$
Total borrowings	17	3,707,327	3,290,882
Less cash and cash equivalents	6	(115,104)	(818,055)
Net debt		3,592,223	2,472,827
Total equity (less intangibles)		7,849,363	9,004,652
Total capital		11,441,586	11,477,479
Gearing ratio		31%	21%

Trustees Australia Limited, QTI Managed Funds Limited and Rim Securities Limited hold Australian financial services licences. Conditions of each licence authorisation, require each licensee to maintain a number of minimum financial standards as set out in Note 21(b): Commitments and Contingencies.

## NOTE 20: RESERVES

### NATURE AND PURPOSE OF RESERVES

#### *Asset revaluation reserve*

The asset revaluation reserve is used to record revaluations in fair value of non-current assets.

#### *Financial asset reserve*

The financial assets reserve records revaluation of financial assets.

## NOTE 21: COMMITMENTS AND CONTINGENCIES

### (a) Trustee / Responsible Entity Obligations

Trustees Australia acts as responsible entity for managed investment schemes registered with the Australian Securities and Investment Commission. A responsible entity is liable for limited obligations of its underlying trusts, and generally has a right of indemnity against the trusts' assets. These financial statements do not recognise such liabilities except to the extent that the group has committed a breach of fiduciary duty, or the extent that an underlying trust might have insufficient assets to settle its obligations. Such circumstances have not arisen. Trustees Australia has no obligation in respect of any borrowing or other liability of any trust for which it acts as responsible entity.

# NOTE 21: COMMITMENTS AND CONTINGENCIES (cont'd)

## (b) AFS Licences

Trustees Australia Limited, QTI Managed Funds Limited and RIMsec hold financial services licences under section 913B of the *Corporations Act 2001*. These are Licences 260033, 260038 and 283119 respectively.

As a condition of licence authorisation, each licensee is required to maintain a number of base level financial requirements. The following table identifies these financial requirements and states whether each licensee has met these conditions for the 2014 financial year:

	Licence Number		
	260033	260038	283119
Base level financial requirement	Condition satisfied by licensee (Y / N)		
Has total assets that exceed total liabilities and have no reason to suspect that the licensee's total assets would currently not exceed its total liabilities	Yes	N/A	Yes
Meet the cash needs requirement of the licence by complying with the reasonable estimate projection plus cash buffer	Yes	N/A	Yes
The licensee must ensure that the company has at least \$50,000 in surplus liquid funds (SLF)	Yes	N/A	Yes
The licensee must hold at least \$5 million net tangible assets	Yes	N/A	N/A

	2014	2013
	\$	\$

## (c) Operating Lease Commitments

### Non-cancellable operating leases contracted for but not capitalised in the financial statements

#### Payable - minimum lease payments

Not later than 12 months	175,184	166,842
Between 12 months and 5 years	183,949	359,133
Greater than 5 years	-	-
<b>Present value of minimum lease payments</b>	<b>359,133</b>	<b>525,975</b>

## (e) Capital Expenditure Commitments

Capital expenditure commitments contracted	-	-
--	---	---

## (f) Other commitments

As set out in note 30, the group is undertaking a restructure of its dairy farm interests.

## (f) Other contingencies

As set out in note 2, the company has a contingency in respect of a claim by Technology Capital.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 30 JUNE 2014

### NOTE 22: KEY MANAGEMENT PERSONNEL (KMP) INTERESTS

Refer to the Remuneration Report contained in the Directors Report for details of the remuneration paid or payable to each member of the group's KMP for the year ended 30 June 2014.

#### (a) Names and positions held of KMP in office at any time during the financial year are:

Name:	Position
Michael Hackett	Managing Director / Acting Chairman
Kerry Daly	Director
Nathan Leman	Director
Elizabeth Hackett	Operations Manager

#### (b) KMP Shareholdings and Options Holdings

The number of ordinary shares in Trustees Australia held by each of the KMP of the group during the financial year is as follows:

##### Listed fully paid ordinary shares

30 June 2014	Balance at 01/07/2013	Granted as remuneration	Net change other	(Sold) / purchased on market	Balance at 30/06/2014
Michael Hackett	25,037,800	-	-	-	25,037,800
Kerry Daly	460,200	-	-	-	460,200
Nathan Leman	2,878,880	-	-	-	2,878,880
Elizabeth Hackett <sup>2</sup>	1,877,962	-	-	-	1,877,962
<b>Total</b>	<b>30,254,842</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,254,842</b>

  

30 June 2013	Balance at 01/07/2012	Granted as remuneration	Net change other	(Sold) / purchased on market	Balance at 30/06/2013
Michael Hackett	25,037,800	-	-	-	25,037,800
Kerry Daly	400,200	-	-	60,000	460,200
Nathan Leman	2,878,880	-	-	-	2,878,880
Elizabeth Hackett <sup>2</sup>	1,877,962	-	-	-	1,877,962
John Atabak <sup>3</sup>	-	-	-	-	-
Jerome Jones <sup>4</sup>	-	-	-	-	-
<b>Total</b>	<b>30,194,842</b>	<b>-</b>	<b>-</b>	<b>60,000</b>	<b>30,254,842</b>

<sup>1</sup>Represents shares held directly, indirectly or beneficially. The company does not issue shares as a form of remuneration.

<sup>2</sup>Elizabeth has a relevant direct interest in 1,877,962 shares in Trustees Australia as at 30 June 2014 (2013: 1,877,962) and has an indirect interest as an associate through Michael Hackett's relevant interest in shares.

<sup>3</sup>Resigned 14 March 2013.

<sup>4</sup>Resigned 23 October 2012

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 30 JUNE 2014

### NOTE 22: KEY MANAGEMENT PERSONNEL (KMP) INTERESTS (cont'd)

#### (ii) KMP Option Holdings

There are no KMP interests in options for the year ended 30 June 2014 (2013: nil).

#### (c) KMP Compensation by Category

Refer to the Remuneration Report contained in the Directors Report for details of the remuneration paid or payable to each member of the group's KMP for the year ended 30 June 2014.

The totals of remuneration paid to KMP of the company and the group during the year are as follows:

	2014	2013
	\$	\$
Short term	256,258	424,318
Post employment	71,558	78,709
Other long-term	5,102	6,866
Termination benefits	-	25,961
Share-based payments	-	-
	<b>332,918</b>	<b>535,854</b>

#### (d) KMP Other Equity Transactions

There have been no other transactions involving equity instruments other than those described in the tables above.

#### (e) KMP amounts payable

2014	Opening balance	Closing balance	Interest charged	Interest not charged	Provision for impairment	Loans advanced / (repaid)
<b>Amounts Payable to:</b>						
Michael Hackett (i)	30,687	13,510	-	-	-	(17,177)
Fiduciary Nominees Pty Ltd (ii)	1,000,000	1,366,621	116,621	-	-	250,000
	<b>1,030,687</b>	<b>1,380,131</b>	<b>116,621</b>	<b>-</b>	<b>-</b>	<b>232,823</b>
<b>2013</b>	<b>Opening balance</b>	<b>Closing balance</b>	<b>Interest charged</b>	<b>Interest not charged</b>	<b>Provision for impairment</b>	<b>Loans advanced / (repaid)</b>
<b>Amounts Payable to:</b>						
Michael Hackett (i)	-	30,687	-	-	-	30,687
Fiduciary Nominees Pty Ltd (ii)	-	1,000,000	-	-	-	1,000,000
	<b>-</b>	<b>1,030,687</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,030,687</b>

(i) Trade accrual amount included in note 16.

(ii) Secured borrowing, see note 17(b).

### NOTE 22: KEY MANAGEMENT PERSONNEL (KMP) INTERESTS (cont'd)

#### (f) KMP Contracts for Services

There are no formal employment contracts in place for any other key management personnel in the group.

#### (g) Transactions with Key Management Personnel

From time to time Key Management Personnel may purchase or supply goods or services from or to the group.

These transactions are made on an arms-length commercial basis.

The Managing Director, Michael Hackett, and companies of which he is a director have transactions with Trustees Australia Limited and the controlled entities Queensland Resorts Pty Ltd and Corporate Solutions Pty Ltd. These transactions are outlined below:

- (i) Jabane Pty Ltd (Jabane) is the owner of a freehold shop tenancy at Airlie Beach in which Queensland Resorts Pty Ltd operates a tour sales office as a tenant. The tenancy is subject to a five-year lease with a five-year renewal option on commercial terms, which commenced in July 2001. During the 2014 year rent and outgoings paid to Jabane by Queensland Resorts Pty Ltd was \$111,557 (2013: \$107,094). At 30th June 2014 the group owed Jabane \$102,864 (2013: nil).
- (ii) Mikko Constructions Pty Ltd (Mikko) was established with the intention of being an interposed building company between the group and any direct building activity. Mikko is an associate of Michael Hackett and Nathan Leman, who are both directors of Mikko. Mikko undertakes all project management, town planning and IT establishment work for the group on a cost recovery basis. This provides inter alia a level of liability separation for construction activities of the group. During the 2014 year, \$186,000 (2013: \$171,000) was paid by the group to Mikko for construction and IT expenses. At 30 June 2014 the group owed Mikko \$51,150 (2013: nil).
- (iii) As set out in note 17(b) the debt in ADFT includes a secured loan facility with Fiduciary Nominees Pty Ltd of which Michael Hackett is a director. The loan is secured by a mortgage over land and buildings at Brucknell Victoria and all units of ADFT and the DFIT Interim Facility Trust.

### NOTE 23: AUDITOR'S REMUNERATION

The following total remuneration was received or is receivable by the auditor of Trustees Australia in respect of:

	2014	2013
	\$	\$
Audit and review of the financial statements	65,455	64,530
Non audit services	-	-

NOTE 24: CONTROLLED ENTITIES

(A) Particulars in relation to controlled entities	Note	Class of Equity	2014	2013
			Percentage Owned	Percentage Owned
<b>Parent Entity:</b>			%	%
Trustees Australia Limited	(a)			
<b>Wholly Owned Controlled Entities</b>				
Corporate Solutions Pty Ltd	(b)	ordinary	100	100
QTI Managed Funds Limited		ordinary	100	100
Budget Traveller Group Pty Ltd	(b)	ordinary	100	100
Australian Share Registers Pty Ltd		ordinary	100	100
Queensland Resorts Pty Ltd	(b)	ordinary	100	100
Magnums Backpackers & Bar Pty Ltd		ordinary	100	100
Corporate Queensland Pty Ltd		ordinary	100	100
Airlie Central Two Property Trust		units	100	100
Australian Dairy Farms Trust		units	100	100
<b>Other Controlled Entities</b>			%	%
Rim Securities Limited		ordinary	97	97

The financial year of all controlled entities is the same as that of the holding company. All controlled entities are incorporated in Australia.

(a) Ultimate Controlling Entity

The directors believe that the ultimate controlling entity of the group is Trustees Australia Limited (Trustees Australia).

(b) Corporate Solutions Pty Ltd, Queensland Resorts Pty Ltd, Budget Traveller Group Pty Ltd and ADFT are joint and several guarantors to the Commonwealth Bank of Australia in respect of borrowing facilities for Trustees Australia and Queensland Resorts Pty Ltd. Queensland Resorts Pty Ltd provided collateral security by way of registered mortgages over real property to the Commonwealth Bank of Australia in respect of the same borrowing facilities. In addition ADFT has given security for the borrowing facility with Fiduciary Nominees Pty Ltd (see note 17(b)).

(c) Other than for the items in note 24(b) above, there are no significant restrictions over the group's ability to access or use assets and settle liabilities of the group.

(d) Some group entities trade with each other on a limited basis primarily in respect of administrative costs and intercompany balances.

### NOTE 25: RELATED PARTY TRANSACTIONS

#### **TRANSACTIONS WITH RELATED PARTIES**

*Related parties of Trustees Australia group are:*

- controlled entities - see note 24.
- associates - see note 14 and below.
- key management personnel and their associates - see note 22.

#### *Entity with significant influence over the group*

Interests associated with the Managing Director, Michael Hackett, own 75.62% of the ordinary shares in Trustees Australia (2013: 75.62%).

#### *Associates*

The group has a 42.92% interest in the Whitsunday Village Retail Property Trust No1 (2013: 42.92%).

The group has a 33.58% interest in APA Financial Services Pty Limited ("APP") (2013: 33.58%).

During the year the group earned fees of \$16,004 (2013: \$20,387) for completion of Responsible Entity duties for WVRPT. \$517 (2013: \$2,638) was due from WVRPT at balance date. The group also paid rent of \$7,320 (2013: \$10,027) for a casual tenancy in WVRPT.

#### *Terms and conditions of transactions with related parties*

Transactions with related parties are made at arm's length at normal market prices and on normal commercial terms.

### NOTE 26: SEGMENT INFORMATION

#### **SEGMENT INFORMATION**

##### ***Identification of reportable segments***

The group has identified its operating segments based on the internal reports that are reviewed by the board in assessing performance and determining the allocation of resources.

The group is managed primarily on the basis of product category and service offerings since the diversification of the group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;
- the type or class of customer for the products or service; and
- external regulatory requirements.



### NOTE 26: SEGMENT INFORMATION (cont'd)

#### **SEGMENT INFORMATION (CONT'D)**

##### ***Types of products and services by segment***

###### *Financial Services*

The financial services segment includes:

- custodial and responsible entity services through Trustees Australia;
- fixed income broking and advisory through RIMsec;
- superannuation administration services through AdminPARTNERS (sold in March 2013);
- a 33.58% interest in APA, an ASX listed entity with an interest in OneVue Holdings Limited, a portfolio administration platform for participants in the financial services industry; and
- the group's portfolio holding of listed investments.

###### *Tourism & Hospitality*

The tourism and hospitality segment includes the ownership and operation of Magnums Airlie Beach Backpackers, offering various grades of backpacker hostel style accommodation and services including a tour sales outlet. The operations are located at Airlie Beach in the Whitsundays, Queensland.

###### *Property*

The property segment includes:

- development land and buildings at Airlie Beach, suitable for providing retail shopping facilities, accommodation or held for resale in Trustees Australia;
- a 42.92% interest in WVRPT, a managed investment scheme holding retail shops at Airlie Beach; and
- investment property ownership in Australian Dairy Farms Trust which owns a dairy farm property and an interest in dairy livestock in Victoria's South West district in connection with APA Financial Services Limited.

##### ***Basis of accounting for purposes of reporting by operating segments***

###### *Accounting policies adopted.*

Unless otherwise stated, all amounts reported to the board with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the group.

###### *Segment assets*

If an asset is used across multiple segments, it is allocated to the segment that receives the majority of economic value from it. Segment assets are generally clearly identifiable on the basis of their nature and physical location.

###### *Segment liabilities*

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings are considered to relate to the group as a whole and are not allocated. Segment liabilities include trade and other payables.

###### *Unallocated items*

The following items of revenue and expenses are not allocated to operating segments as they are not considered part of the core operations of any segment:

- income tax expense
- finance costs
- corporate charges
- discontinued operations

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 30 JUNE 2014

### NOTE 26: SEGMENT INFORMATION (cont'd)

<b>(i) Segment Performance</b>	<b>Tourism &amp; Hospitality Services</b>	<b>Property</b>	<b>Financial Services</b>	<b>Total</b>
<b>30 June 2014</b>				
<b>Revenue</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
External sales	1,845,100	241,241	1,701,012	3,787,353
Inter-segment sales	-	-	-	-
Interest revenue	215	19	10,444	10,678
<b>Total segment revenue</b>	<b>1,845,315</b>	<b>241,260</b>	<b>1,711,456</b>	<b>3,798,031</b>
<b>Reconciliation of segment revenue to group revenue</b>				
Revenue from discontinued operations				-
<b>Total group revenue</b>				<b>3,798,031</b>
<b>Segment net profit before tax</b>	<b>381,029</b>	<b>(406,975)</b>	<b>586,214</b>	<b>560,268</b>
<b>Reconciliation of segment result to group net profit/(loss) before tax</b>				
<b>(i) Amounts not included in segment result but reviewed by the board:</b>				
Depreciation and amortisation	(145,269)	-	(38,367)	(183,636)
<b>(ii) Unallocated items</b>				
Corporate charges				(1,301,226)
Finance costs				(9,350)
<b>Net profit before tax</b>				<b>(933,944)</b>
<b>(i) Segment Performance</b>	<b>Tourism &amp; Hospitality Services</b>	<b>Property</b>	<b>Financial Services</b>	<b>Total</b>
<b>30 June 2013</b>				
<b>Revenue</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
External sales	1,772,170	3,260,000	1,801,310	6,833,480
Inter-segment sales	-	-	-	-
Interest revenue	2,602	-	15,629	18,231
<b>Total segment revenue</b>	<b>1,774,772</b>	<b>3,260,000</b>	<b>1,816,939</b>	<b>6,851,711</b>
<b>Reconciliation of segment revenue to group revenue</b>				
Revenue from discontinued operations				(417,836)
<b>Total group revenue</b>				<b>6,433,875</b>
<b>Segment net profit before tax</b>	<b>360,993</b>	<b>(314,285)</b>	<b>206,883</b>	<b>253,591</b>
<b>Reconciliation of segment result to group net profit/(loss) before tax</b>				
<b>(i) Amounts not included in segment result but reviewed by the board:</b>				
Depreciation and amortisation	(143,909)	-	(34,918)	(178,827)
<b>(ii) Unallocated items</b>				
Corporate charges				(1,309,038)
Finance costs				(42,552)
Profit on discontinued operations				952,394
<b>Net profit before tax</b>				<b>(324,432)</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 30 JUNE 2014

### NOTE 26: SEGMENT INFORMATION (cont'd)

	Tourism & Hospitality Services	Property	Financial Services	Total
<b>(ii) Segment Assets</b>				
<b>As at 30 June 2014</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Segment assets</b>	4,565,536	7,649,484	2,343,330	14,558,350
<b>Segment asset increases for the period:</b>				
Capital expenditure	54,336	891,011	224,993	1,170,340
Acquisitions	-	-	-	-
	<u>54,336</u>	<u>891,011</u>	<u>224,993</u>	<u>1,170,340</u>
<b>Included in segment assets are</b>				
Equity accounted associates	-	1,052,939	395,336	1,448,275
<b>Reconciliation of segment assets to group assets</b>				
Unallocated assets				-
<b>Total group assets</b>				<b><u>14,558,350</u></b>
<b>(ii) Segment Assets</b>				
<b>As at 30 June 2013</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Segment assets</b>	4,674,467	6,915,073	2,986,016	14,575,556
<b>Segment asset increases for the period:</b>				
Capital expenditure	32,400	4,339,754	249,857	4,622,011
Acquisitions	-	-	-	-
	<u>32,400</u>	<u>4,339,754</u>	<u>249,857</u>	<u>4,622,011</u>
<b>Included in segment assets are</b>				
Equity accounted associates	-	1,247,247	395,336	1,642,583
<b>Reconciliation of segment assets to group assets</b>				
Unallocated assets				-
<b>Total group assets</b>				<b><u>14,575,556</u></b>
<b>(iii) Segment Liabilities</b>				
<b>As at 30 June 2014</b>				
<b>Segment liabilities</b>	465,592	3,789,249	786,188	5,041,029
<b>Reconciliation of segment liabilities to group liabilities</b>				
<b>Unallocated liabilities</b>				
Other liabilities				935,230
<b>Total group liabilities</b>				<b><u>5,976,259</u></b>
<b>As at 30 June 2013</b>				
<b>Segment liabilities</b>	311,645	3,275,142	681,618	4,268,405
<b>Reconciliation of segment liabilities to group liabilities</b>				
<b>Unallocated liabilities</b>				
Other liabilities				781,107
<b>Total group liabilities</b>				<b><u>5,049,512</u></b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 30 JUNE 2014

### NOTE 26: SEGMENT INFORMATION (cont'd)

#### (iv) Revenue by geographic region

Revenue attributable to external customers is disclosed below, based on the location of the external customer

	2014 \$	2013 \$
Australia	3,798,031	6,433,875
Other foreign countries	-	-
<b>Total revenue</b>	<b>3,798,031</b>	<b>6,433,875</b>

#### (v) Assets by geographic region

The location of segment assets is disclosed below by geographical location of the assets

	2014 \$	2013 \$
Australia	14,558,350	14,575,556
Other foreign countries	-	-
<b>Total assets</b>	<b>14,558,350</b>	<b>14,575,556</b>

#### (vi) Major customers

There are no large individual customers who can be regarded as a significant client of the group.

### NOTE 27: MOVEMENTS IN PROPERTY PLANT AND EQUIPMENT

#### Movements in the Carrying Amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.:

	Land	Buildings	Plant & equipment	Leased plant & equipment	Leasehold improvements	Total
2014	\$	\$	\$	\$	\$	\$
Balance beginning of the financial year	1,870,052	2,398,305	302,070	-	21,262	4,591,689
Additions	-	-	54,336	-	-	54,336
Depreciation expense	-	(81,347)	(83,098)	-	(5,534)	(169,979)
<b>Balance at end of financial year</b>	<b>1,870,052</b>	<b>2,316,958</b>	<b>273,308</b>	<b>-</b>	<b>15,728</b>	<b>4,476,046</b>
<b>2013</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance beginning of the financial year	1,870,052	2,479,653	374,447	34,038	26,796	4,784,986
Additions	-	-	32,400	-	-	32,400
Disposals	-	-	(21,365)	(26,053)	-	(47,418)
Depreciation expense	-	(81,348)	(83,412)	(7,985)	(5,534)	(178,279)
<b>Balance at end of financial year</b>	<b>1,870,052</b>	<b>2,398,305</b>	<b>302,070</b>	<b>-</b>	<b>21,262</b>	<b>4,591,689</b>

No borrowing costs were capitalised in the 2014 year (2013: \$nil).

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 30 JUNE 2014

### NOTE 28: EARNINGS PER SHARE

	2014 cents	2013 cents
<b>From continuing and discontinued operations</b>		
Basic profit / (loss) per share	(2.8)	(1.0)
Diluted profit / (loss) per share	(2.8)	(1.0)
<b>From continuing operations</b>		
Basic profit / (loss) per share	(2.8)	(3.9)
Diluted profit / (loss) per share	(2.8)	(3.9)
<b>From discontinued operations</b>		
Basic profit / (loss) per share	-	2.9
Diluted profit / (loss) per share	-	2.9
<b>Reconciliation of earnings to profit or loss</b>		
Profit / (loss)	(933,944)	(321,303)
Profit / (loss) attributable to non-controlling interest	(4,931)	(3,129)
<b>Earnings used to calculate basic EPS</b>	<b>(938,875)</b>	<b>(324,432)</b>
<b>Earnings used to calculate basic EPS from continuing operations</b>	<b>(938,875)</b>	<b>(1,276,826)</b>
<b>Earnings used to calculate basic EPS from discontinued operations</b>	<b>-</b>	<b>952,394</b>
	<b>Number of Shares</b>	<b>Number of Shares</b>
<b>Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS</b>	33,110,131	33,110,131
Weighted average number of options outstanding	-	-
<b>Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS</b>	<b>33,110,131</b>	<b>33,110,131</b>

Options to acquire ordinary shares in the parent entity are the only securities considered as potential ordinary shares in determination of diluted EPS.

### NOTE 29: FINANCIAL RISK MANAGEMENT

The group's principal financial instruments consist mainly of bank balances, accounts receivable and payable and loans.

The totals for each category of financial instruments, measured in accordance with AASB 139: *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies to these financial statements, are as follows:

	Notes	2014 \$	2013 \$
<b>Financial assets</b>			
Cash and cash equivalents	6	115,104	818,055
Loans and receivables	7	1,121,405	913,808
Bonds and deposits	11	102,870	273,156
<b>Available-for-sale financial assets:</b>			
Listed investments - at fair value	12(a)	19,010	29,020
<b>Total financial assets</b>		<b>1,358,389</b>	<b>2,034,039</b>
<b>Financial liabilities</b>			
<b>Financial liabilities at amortised cost:</b>			
Trade and other payables	16	1,591,663	1,104,362
Borrowings	17	3,707,327	3,290,882
<b>Total financial liabilities</b>		<b>5,298,990</b>	<b>4,395,244</b>

## NOTE 29: FINANCIAL RISK MANAGEMENT (cont'd)

### (a) Financial Risk Management Policies

The main purpose of the financial instruments listed is to raise finance for the group's operations when the board considers it appropriate. The group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. Risks arising from the group's financial instruments include interest rate risk, liquidity risk, share price risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below. Overall these risks are considered to be minimal.

#### (i) Treasury Risk Management

The board considers financial risk exposure to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The overall risk management strategy seeks to assist the group in meeting its financial targets, while minimising potential adverse effects on financial performance. Risk management policies are reviewed by the board when necessary. These include the use of credit risk policies and future cash flow requirements.

#### (ii) Financial Risk Exposures and Management

##### Interest rate risk

Interest rate risk arises where the group has financial instruments exposed to rate movements. This arises on bank balances and the group also currently has debt exposure through a \$90,706 fixed rate facilities and \$3,616,621 in variable rate facilities. The group's exposure to cash flow interest rate risk is considered minimal.

##### Commodity Price risk

The group's exposure to commodity price risk is considered nil.

##### Credit risk

Credit risk arises from the risk that a counterparty will default on its obligations to the group. The group trades only with parties that it believes to be creditworthy. It is the group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the group's exposure to bad debts is not significant. Refer note 7 for comments on concentrations of credit risk within the group.

With respect to credit risk arising from the other financial assets of the group, which comprise cash and cash equivalents, available-for-sale assets and certain derivative instruments, the group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of those instruments. The group generally does not require third party collateral.

Credit risk also arises for the parent entity on its funding of controlled entities and guarantees given in respect of borrowings by controlled entities - see note 2.

##### Liquidity risk

Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- investing surplus cash with appropriately regulated financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The table below presents maturity of the group's financial instruments. Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates taking into consideration management expectations that group banking facilities will be extended.

# NOTE 29: FINANCIAL RISK MANAGEMENT (cont'd)

## (a) Financial Risk Management Policies (cont'd)

### Liquidity risk (cont'd)

Financial liability and financial asset maturity analysis

	Within 1 year		1 to 5 years		Over 5 years		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial liabilities due for payment</b>								
Borrowings	(3,707,327)	(3,290,882)	-	-	-	-	(3,707,327)	(3,290,882)
Trade & other payables	(1,591,663)	(1,104,362)	-	-	-	-	(1,591,663)	(1,104,362)
<b>Total contractual outflows</b>	<b>(5,298,990)</b>	<b>(4,395,244)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,298,990)</b>	<b>(4,395,244)</b>
<b>Total expected outflows</b>	<b>(5,298,990)</b>	<b>(4,395,244)</b>			<b>-</b>	<b>-</b>	<b>(5,298,990)</b>	<b>(4,395,244)</b>
<b>Financial assets - cash flows realisable</b>								
Cash	115,104	818,055	-	-	-	-	115,104	818,055
Bonds & deposits	102,870	273,156	-	-	-	-	102,870	273,156
Trade receivables and loans	1,121,405	913,808	-	-	-	-	1,121,405	913,808
Available for sale financial assets	-	-	-	-	19,010	29,020	19,010	29,020
<b>Total anticipated inflows</b>	<b>1,339,379</b>	<b>2,005,019</b>	<b>-</b>	<b>-</b>	<b>19,010</b>	<b>29,020</b>	<b>1,358,389</b>	<b>2,034,039</b>
<b>Net (outflows) / inflows on financial instruments</b>	<b>(3,959,611)</b>	<b>(2,390,225)</b>	<b>-</b>	<b>-</b>	<b>19,010</b>	<b>29,020</b>	<b>(3,940,601)</b>	<b>(2,361,205)</b>

The group will manage this liquidity risk through realisation of other current assets, or renegotiation of borrowings.

### Price risk

The group has exposure to market price risk through its equity accounted investments in the WVRPT and APA (see note 14).

### Share price risk

The group has investments in the following ASX listed company sectors at the end of the reporting period:

- Information technology

These are long term shareholdings, however exposure exists to movements in the market price.



## NOTE 29: FINANCIAL RISK MANAGEMENT (cont'd)

### (b) Net Fair values

Set out below is a comparison by category of carrying amounts and fair values of all of the group's financial instruments recognised in the financial statements.

		Carrying Amount		Fair Value	
	Footnote	2014	2013	2014	2013
		\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	(i)	115,104	818,055	115,104	818,055
Trade and other receivables	(i)	1,121,405	913,808	1,121,405	913,808
Bonds and deposits	(i)	102,870	273,156	102,870	273,156
Available for sale financial assets					
Listed investments - at fair value	(ii)	19,010	29,020	19,010	29,020
Total financial assets		1,358,389	2,034,039	1,358,389	2,034,039
Financial liabilities					
Trade creditors	(i)	1,591,663	1,104,362	1,591,663	1,104,362
Interest bearing liabilities	(iii)	3,707,327	3,290,882	3,707,327	3,290,882
Total financial liabilities		5,298,990	4,395,244	5,298,990	4,395,244

The fair values disclosed in the above table have been determined based on the following methodologies:

- (i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is not considered a financial instrument.
- (ii) For listed available-for-sale and held-for-trading financial assets, closing quoted bid prices at the end of the reporting period are used.
- (iii) Fair values are determined using a discounted cash flow model incorporating current commercial borrowing rates.

### (c) Contingencies

The company and certain controlled entities have potential financial liabilities that may arise from certain contingencies disclosed in Note 21: Commitments and Contingencies. As explained in that note, no material losses are anticipated in respect of any of those contingencies and the fair value disclosed above is the directors' estimate of amounts that would be payable by the group as consideration of the assumption of those contingencies by another party.

## NOTE 29: FINANCIAL RISK MANAGEMENT (cont'd)

### (d) Sensitivity Analysis

The group has performed sensitivity analysis relating to its exposure to interest rate and price risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

#### (i) Interest rate sensitivity analysis

At 30 June 2014, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2014	2013
	\$	\$
<b>Change in profit</b>		
- Increase in interest rate by 2.5%	89,517	62,746
- Decrease in interest rate by 2.5%	(89,517)	(62,746)
<b>Change in equity</b>		
- Increase in interest rate by 2.5%	89,517	62,746
- Decrease in interest rate by 2.5%	(89,517)	(62,746)

#### (ii) Price risk sensitivity analysis

At 30 June 2014, the net effect on profit and equity of a 20% change in listed investments, with all other variables remaining constant is \$3,802 up / down (2013: \$5,804 up / down) for the group.

## NOTE 30: EVENTS AFTER THE BALANCE DATE

Trustees Australia Limited has announced a dairy farm strategy involving the trust and APA Financial Services Limited (APA) – an ASX listed group. Under that strategy the trust will be stapled with APA and recapitalised with the restructured group applying to be listed on ASX as a stapled security under the name Australian Dairy Farms Group in early October 2014. Full details of the dairy farm strategy were set out in APA's Meeting Booklet dated 1 August 2014 and released to ASX on that day and in the prospectus dated 20 August 2014 issued by APA and the trust. APA shareholders approved the proposed transaction on 1 September 2014. These documents are available on the ASX announcements platform under both APP and TAU codes.

The Offer closed on 17 September 2014 and on 26 September 2014, APA (to be renamed Australian Dairy Farms Limited) and Trustees Australia Limited as responsible entity for the Australian Dairy Farms Unit Trust (together the Australian Dairy Farms Group) announced that it has received applications under the prospectus and product disclosure statement dated 20 August 2014 of approximately \$9.3 million. The Australian Dairy Farms Group is liaising with ASX with respect to a listing date, expected to be in early October 2014.

The transaction is expected to settle in early October and consequently the farm property (note 9) and dairy herd (note 10) are shown as current assets. Key aspects of the strategy for the group are:

- The group disposes its interest in the trust to APA shareholders for book value.
- The group receives part repayment of its funding of the trust, which enables the group to repay its external borrowings.
- The balance of the group's funding of the trust is restructured into a convertible note which can convert to an equity interest in the stapled securities.

Other than above, no other material matters have arisen since 30 June 2014 that have significantly affected or may significantly affect the group.

The financial report was authorised for issue on 30 September 2014.

## NOTE 31: FAIR VALUE MEASUREMENTS

The group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- available-for-sale financial assets;
- investment properties; and
- biological assets.

The group subsequently measures some items of freehold land and buildings at fair value on a non-recurring basis.

The group does not subsequently measure any liabilities at fair value on a non-recurring basis.

### (a) Fair Value Hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the group are consistent with one or more of the following valuation approaches:

- *Market approach*: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach*: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach*: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 30 JUNE 2014

### NOTE 31: FAIR VALUE MEASUREMENTS (cont'd)

The following tables provide the fair values of the group's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

#### 30 June 2014

	Note	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Financial assets</b>					
Available-for-sale financial assets					
- Shares in listed companies	12	19,010	-	-	19,010
<b>Total financial assets recognised at fair value on a recurring basis</b>		<b>19,010</b>	<b>-</b>	<b>-</b>	<b>19,010</b>
<b>Non-financial assets</b>					
Biological assets	10	-	702,200	-	702,200
Investment property	9	-	4,325,593	-	4,325,593
<b>Total non-financial assets recognised at fair value on a recurring basis</b>		<b>-</b>	<b>5,027,793</b>	<b>-</b>	<b>5,027,793</b>
<b>Non-recurring fair value measurements</b>					
Land and buildings (i)	15	-	4,187,009	-	4,187,009
<b>Total non-financial assets recognised at fair value on a non-recurring basis</b>		<b>-</b>	<b>4,187,009</b>	<b>-</b>	<b>4,187,009</b>
<b>Total non-financial assets recognised at fair value</b>		<b>-</b>	<b>9,214,802</b>	<b>-</b>	<b>9,214,802</b>

(i) Freehold land and building is the Magnums site, being a backpacker operations in Airlie Beach. The board considers that the land's current use is its highest and best use.

#### 30 June 2013

<b>Financial assets</b>					
Available-for-sale financial assets					
- Shares in listed companies	12	29,020	-	-	29,020
<b>Total financial assets recognised at fair value on a recurring basis</b>		<b>29,020</b>	<b>-</b>	<b>-</b>	<b>29,020</b>
<b>Non-financial assets</b>					
Investment property	9	-	4,339,754	-	4,339,754
<b>Total non-financial assets recognised at fair value on a recurring basis</b>		<b>-</b>	<b>4,339,754</b>	<b>-</b>	<b>4,339,754</b>
<b>Non-recurring fair value measurements</b>					
Land and buildings (i)	15	-	4,268,357	-	4,268,357
<b>Total non-financial assets recognised at fair value on a non-recurring basis</b>		<b>-</b>	<b>4,268,357</b>	<b>-</b>	<b>4,268,357</b>
<b>Total non-financial assets recognised at fair value</b>		<b>-</b>	<b>8,608,111</b>	<b>-</b>	<b>8,608,111</b>

There were nil transfers between Level 1 and Level 2 for assets measured at fair value on a recurring basis during the reporting period (2013: nil transfers)

## NOTE 31: FAIR VALUE MEASUREMENTS (cont'd)

### (b) Techniques and Inputs Used to Measure Level 2 Fair Values

The following tables provide the fair values of the group's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

Description	Fair Value at 30 June 2014 \$	Valuation Technique(s)	Input Used
<b>Non-financial assets</b>			
Freehold land (i)		Market approach using recent observable market data for similar properties; income approach using discounted cash flow methodology	Land Area, market borrowing rate, trading data
Freehold buildings (i)		Market approach using recent observable market data for similar properties; income approach using discounted cash flow methodology	Building Area, market borrowing rate, trading data
Investment property (ii)		Market approach using recent observable market data for similar properties; income approach using discounted cash flow methodology	Building Area, market borrowing rate, trading data
Biological assets (iii)		Market approach using recent observable market data for dairy cattle	Breed, weight, condition
	9,214,802		

- (i) The fair value of freehold land and buildings is determined at least every three years based on valuations by an independent valuer. At the end of each intervening period, the directors review the independent valuation and, when appropriate, update the fair value measurement to reflect current market conditions using a range of valuation techniques, including recent observable market data and discounted cash flow methodologies.
- (ii) The fair value of investment property is determined annually based on valuations by an independent valuer who has recognised and appropriate professional qualifications and recent experience in the location and category of investment property being valued.
- (iii) The fair value of biological assets (dairy cattle held) is determined annually based on valuations by an independent stock agent who has recognised and appropriate professional qualifications and recent experience in the location and category of cattle.

There were no changes during the period in the valuation techniques used by the group to determine Level 2 fair values.

## NOTE 31: FAIR VALUE MEASUREMENTS (cont'd)

### (c) Disclosed Fair Value Measurements

The following assets and liabilities are not measured at fair value in the statement of financial position, but their fair values are disclosed in the notes:

- receivables;
- Associates;
- Payables; and
- Borrowings.

The following table provides the level of the fair value hierarchy within which the disclosed fair value measurements are categorised in their entirety and a description of the valuation technique(s) and inputs used:

Description	Note	Fair Value Hierarchy Level	Valuation Technique(s)	Input Used
<b>Assets</b>				
Receivables	7	3	Income approach using discounted cash flow methodology	Market interest rates for similar assets
Associates	14	2	Income approach using disclosed financials of associates	Financial statements
<b>Liabilities</b>				
Payables	16	3	Income approach using discounted cash flow methodology	Yield curves based on market interest rates for remaining maturity period for similar liabilities
Borrowings	18	2	Income approach using discounted cash flow methodology	Current commercial borrowing rates for similar instruments

There has been no change in the valuation technique(s) used to calculate the fair values disclosed in the notes to the financial statements



### DIRECTORS' DECLARATION

For the year ended 30 June 2014

In the opinion of the directors of Trustees Australia Limited:

- (a) the financial statements and notes of the company and of the group are in accordance with the *Corporations Act 2001*, and:
  - (i) give a true and fair view of the company's and group's financial position as at 30 June 2014 and of their performance for the year ended on that date; and
  - (ii) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the Financial Statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

This declaration has been made after receiving the declarations required to be made to the directors in accordance with Sections 295A of the *Corporations Act 2001* for the financial year ending 30 June 2014.

This declaration is made in accordance with a resolution of the board of directors.

*Michael Hackett*

**Michael Leslie Hackett**  
Managing Director

*Kerry Daly*

**Kerry John Daly**  
Director

Brisbane

30 September 2014





**Hayes Knight**  
Accountants, Advisors & Auditors

Hayes Knight Audit (Qld) Pty Ltd  
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### **INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF TRUSTEES AUSTRALIA LIMITED**

#### **Report on the Financial Report**

We have audited the accompanying financial report of Trustees Australia Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

#### ***Directors' Responsibility for the Financial Report***

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1 the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards (IFRS).

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Associated Offices: Sydney | Melbourne | Adelaide | Perth | Darwin | Auckland

### INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF TRUSTEES AUSTRALIA LIMITED (CONTINUED)

#### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been provided to the directors of Trustees Australia Limited as attached to the directors' report, has not changed as at the date of this auditor's report.

#### *Auditor's Opinion*

In our opinion:

- a) the financial report of Trustees Australia Limited is in accordance with the *Corporations Act 2001*, including:
  - i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
  - ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

#### *Report on the Remuneration Report*

We have audited the remuneration report of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

#### *Auditor's Opinion*

In our opinion the remuneration report of Trustees Australia Limited for the year ended 30 June 2014 complies with s 300A of the *Corporations Act 2001*.



**Hayes Knight Audit (Qld) Pty Ltd**



**N D Bamford**  
Director

Level 23, 10 Eagle Street,  
Brisbane, QLD, 4000

Date: 30 September 2014

## SHAREHOLDER INFORMATION

The following information was extracted from Trustees Australia's Register of Shareholders on 22 August 2014:

### TWENTY LARGEST SHAREHOLDERS

		Fully Paid Shares	
		Shares Held	% of Issued
1	Costine Pty Ltd	15,145,044	45.74%
2	Mikko Constructions Pty Ltd	2,878,880	8.69%
3	Fiduciary Nominees Pty Ltd	2,584,719	7.81%
4	Ms Elizabeth Lillian Mersh	1,877,962	5.67%
5	G Echo Pty Ltd	1,529,323	4.62%
6	Book Now Online Pty Ltd	958,526	2.89%
7	Mr Milton Yannis	531,413	1.60%
8	Mr David Scicluna	526,991	1.59%
9	Kreskin Pty Ltd	460,200	1.39%
10	Mr Norman Colburn Mayne	450,000	1.36%
11	Malo Investments Pty Ltd	328,479	0.99%
12	Mr EJ Dally & Mrs S Dally	231,378	0.70%
13	Mr Ralf Pelz	199,496	0.60%
14	Jig Investments Pty Ltd	150,100	0.45%
15	Mr Phillip Dickinson & Ms Joanna Dickinson	150,000	0.45%
16	Ian Henderson	148,193	0.45%
17	Mr Ross George Yannis	140,000	0.42%
18	Linton Rise Pty Ltd	125,000	0.38%
19	Mr Alan James Cobb	116,122	0.35%
20	Amalie Nominees Pty Ltd	114,000	0.34%
<b>Total of Top Twenty Shareholdings</b>		<b>28,645,826</b>	<b>86.49%</b>
<b>Total Shares on issue</b>		<b>33,110,131</b>	<b>100.00%</b>

### DISTRIBUTION OF SHAREHOLDINGS

Size of Holding	Number of Shareholders	Total Units	%
1 - 1000	67	26,419	0.08
1,001 - 5,000	171	372,446	1.12
5,001 - 10,000	66	513,151	1.55
10,001 - 100,000	89	2,959,845	8.94
100,001 or greater	31	29,238,270	88.31
	<b>424</b>	<b>33,110,131</b>	<b>100.00</b>

### MARKETABLE PARCELS

At 22 August 2014, using the last traded share price of \$0.06 per share, there were 273 holdings, which were of less than a marketable parcel (\$500).

### VOTING RIGHTS

On a show of hands, every member present in person or by proxy or attorney or being a corporation by its authorised representative shall have one vote. On a poll, every member who is present in person or by proxy or attorney, or being a corporation, by its authorised representative, shall have one vote for every share of which he is the holder.

## SHAREHOLDER INFORMATION

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### **HOLDER OF RELEVANT INTEREST**

The number of shares held either directly or indirectly by substantial shareholders listed in the holding company's register on 22 August 2014 was:

	<b>Ordinary</b>
Costine Pty Ltd ATF The Hackett Super Fund	15,145,044
Mikko Constructions Pty Ltd	2,878,880
Fiduciary Nominees Pty Ltd	2,584,719
Trustee for Elizabeth Mersh Super Fund	1,877,962
G. Echo Pty Ltd	1,529,323
Book Now Online Pty Ltd	958,526
Michael Leslie Hackett	56,428
Jabane Pty Ltd	5,000
Cotrace Pty Ltd	1,000
Estate of Phyllis Mary Hackett	918
<b>Total</b>	<b>25,037,800</b>

Percentage of shares on issue in category	75.62%
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### **UNQUOTED SECURITIES**

#### *Options over unissued shares*

There are no options over unissued shares in Trustees Australia.

## CORPORATE DIRECTORY

### Board of Directors

Michael Hackett (B.Com, FCA)  
*Managing Director / Acting Chairman*

Kerry Daly (B.Bus, CPA)  
*Director*

Nathan Leman  
*Director*

### Company Secretaries

Elizabeth Hackett  
*Company Secretary*

### Registered Office

Level 1, 41 Edward Street  
Brisbane QLD 4000

Telephone: (07) 3020 3020  
Facsimile: (07) 3020 3080  
Email: [Shareholders@trusteesau.com.au](mailto:Shareholders@trusteesau.com.au)  
Web: [www.trusteesau.com.au](http://www.trusteesau.com.au)

### Corporate Office

Level 1, 41 Edward Street  
Brisbane QLD 4000

GPO Box 6  
Brisbane QLD 4001  
Telephone: (07) 3020 3020  
Facsimile: (07) 3020 3080  
Email: [mail@trusteesau.com.au](mailto:mail@trusteesau.com.au)  
Web: [www.trusteesau.com.au](http://www.trusteesau.com.au)

### Share Register

Boardroom Limited  
PO Box R67  
Royal Exchange  
Sydney NSW 1223

Telephone: (02) 9290 9600  
Facsimile: (02) 9279 0664  
Email: [registries@registries.com.au](mailto:registries@registries.com.au)  
Web: [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)

### Auditor

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Web: [www.hayesknichtqld.com.au](http://www.hayesknichtqld.com.au)

### Stock Exchange

Trustees Australia is listed on the official List of the Australian Securities Exchange Limited (ASX)

The ASX Code is "TAU".